FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

East Europe

FBIS-EEU-85-088
Monday
6 May 1985

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FBIS-EEU-95-088 8 May 1995

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Assembly Adopts Budget After 18-Hour Debate

AU0505120995 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 5 May 95

[FBIS Translated Text] At 0740 today, after a debate lasting almost 18 hours, the National Assembly completed the voting on the transitional and concluding provisions of the 1995 National Budget, thus concluding the second reading of the budget bill.

The parliament adopted without change the first few paragraphs of the transitional and concluding provisions that define the Council of Ministers' powers to amend the budget accounts and the obligation of the Bulgarian National Bank to make advance loans to the budget and to sell foreign exchange to the Foreign Ministry to service the foreign debt.

After a debate, the deputies voted to appoint by preference banks that are predominantly state-owned to service budget payments.

Commentary: Kremlin Snubbed Sendov During Visit

AU0505124495 Sofia 24 CHASA in Bulgarian 30 Apr 95 p 6

[Unattributed commentary: "The Kremlin Failed To Open Its Doors to Sendov"]

[FBIS Translated Text] Whatever justifications [National Assembly Chairman] Blagovest Sendov may offer, the Kremlin failed to show him respect and refused him high-level meetings. Neither Yeltsin nor Chernomyrdin received our statesman, although he visited Moscow not as a mathematician but as the head of the Bulgarian parliament.

It may even be true that Russia's top people were rehearsing for 9 May [commemoration of end of World War II in Europe] and therefore could not find time to meet the Bulgarian delegation. In the meantime, however, the chief of the General Staff of the United Arab Emirates and the Zimbabwe ambassador managed to enter the Kremlin.

Evidently, Moscow was waiting for us to realize that we will get nowhere without its markets, and has once again started to dictate the situation—this time, however, by means of subtle diplomacy. The position with the NATO issue is the same. Moscow tells us that joining the pact is our problem, yet it opposes NATO's expansion.

It is unworthy of statesmen of Sendov's rank to mumble incoherently when the bottom is knocked out of their official visits.

White Paper on Military, Police, Intelligence

95BA0212A Sofia KONTINENT (supplement) in Bulgarian 24 Mar 95 pp X-XI

["White Paper" released by BTA, reprinted by KONTINENT]

[FBIS Translated Excerpt] [Passage omitted]

12. Condition and Basic Problems of the Bulgarian Army

In the past three to four years, despite exceptionally difficult problems related to financial and logistical support, the Bulgarian Army maintained the best combat and mobilization readiness possible under such conditions, and carried out the most possible amount of necessary training of troops and staffs, ensuring the necessary level of readiness of the peacetime and wartime system for control of the Bulgarian Army and the Armed Forces as a whole.

The difficult economic and spiritual crisis experienced by our country had an adverse effect on the condition of the Bulgarian Army as well. Unresolved problems that determine the combat capability and combat readiness of the troops worsened. The more essential among them are the following:

—disparity between the existing legal basis for defense and military construction, based on contemporary realities;

—the extremely low level of financial and material-technical logistic support of the Bulgarian Army;

—unsatisfactory resolution of the social problems of military personnel;

—lack of an overall developed system for cadre growth.

Delays in adopting fundamental documents, such as the National Security Doctrine and the Law on Defense and the Armed Forces, as well as the legal acts based on them, deprived, in practical terms, the state and military leaderships of the necessary legal basis for engaging in military constructions, Army training, maintenance of the system of material-technical and financial support, and cadre policy in accordance with contemporary requirements.

No law was passed on establishing the functions and interrelationships among the different ministries and departments related to the country's defense.

All this had a negative impact on a lasting, long-term resolution of military construction problems, and on preparing the country for defense.

The problems of the financial and material-technical support of the Bulgarian Army are the direct result, above all, of the trend toward actual reduction of the military budget, which is in its fifth year.

On the macroeconomic level, its share is steadily declining

The draft budgets of the Ministry of Defense, submitted to the Ministry of Finance and to the government, were reduced without taking into consideration the possible consequences to the Bulgarian Army and the country's defense. Thus, compared to the proposals, the approved

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budget for 1990 was reduced by three percent; and it was reduced by 14 percent in 1991, 32.7 percent in 1992, 64.7 percent in 1993, and 65.6 percent in 1994.

For the past three years the military budget was approved almost by the middle of the year, when dozens of unresolved problems had accumulated, caused by the use of an advance budget based on the previous year's expenditures. Thus, in practical terms, in the first half of each current budget year, the Bulgarian Army worked and was supported by an advance budget inadequate in terms of needs or the inflationary and price situation.

Due to the steadily growing inflation, compared to 1989, in 1994 the Bulgarian Army budget had been reduced by a factor of five. However, the Army's tasks remained unchanged.

The steady deficit in the financing of the Bulgarian Army and the constant drop in the budget of the Ministry of Defense deformed its structure. Virtually the entire part of the budget (91.3 percent) was used essentially to ensure the current upkeep of the Army at the expense of paying for its material and technical support. This led to an alarming growth in the volume of weapons and equipment the technical (operational) resources of which were lowered. Should this trend continue in the future, the question of maintaining the existence of entire arms of the Bulgarian Army would arise.

Expenditure of Defense Funds	
Current Army upkeep	91.3%
Material and technical	8.7%

The consequences of the lack of financial support for the operative training of staff and the combat and mobilization preparedness of the forces are exceptionally serious. In the past few years, less than one-half of the necessary vehicle maintenance resources needed was met by less than one-half of the necessary amount. For that reason, for the past few years the necessary tactical and command-staff exercises in the field and mobilization rallies have not taken place. Under such circumstances, field exercises were conducted only with small subunits (platoons, companies).

The number of hours of flight training in the Air Force were repeatedly reduced because of fuel shortages and the technical condition of airplanes and helicopters.

The social problems of the military personnel are being met in an extremely unsatisfactory manner.

The housing problem is particularly grave. Housing construction based on budget funds in the past three to four years has been almost symbolic.

Three to four thousand housing units were built annually for 7,000 to 8,000 families without housing until 1990. In 1994, with nearly the same number of people lacking housing, only 516 housing units were built.

The pace of the growth of wages paid to military personnel and of additional bonuses for specific and risky working conditions has worsened, compared to the inflationary growth. Social dissatisfaction caused by disparities in salaries depending on professional training, social importance, and responsibilities and risks of military service has had an extremely adverse impact on the sociopsychological climate, Army discipline, and the quality of troop training. caused by disparities in salaries depending upon... has had?

Personnel problems in the Bulgarian Army are manifested, above all, by a lowered motivation to serve; an increase in the trend by officers to leave the Army, regardless of age and rank; and violation of continuity in their career development.

There is an alarming trend toward increases in the number of young officers and graduates of military academies who are unwilling to serve in the Bulgarian Army and, in general, in the Armed Forces.

There has been a steady trend toward a lack of officers at the platoon and company levels. This has had an extremely negative impact on the training of personnel and the combat and mobilization readiness of subunits and units.

The lack of a contemporary law on defense and the Armed Forces triggers insecurity in terms of the future long-term development of the officer profession, and has had an adverse effect on the motivation of officer cadres in terms of service.

These basic problems of the Bulgarian Army and their serious further deterioration in the future may lead to a serious drop in the Armys capability to guarantee the country's territorial integrity and sovereignty.

13. Justice, Order, and Security

[Passage omitted] Between 1990 and 1994, reforms within the framework of the initiated democratic processes in the country seriously impacted the institutions ensuring legality and social order. The entire system of countering crime proved ineffective. The main problems are the following:

—lack of a developed state strategy for the struggle against crime and penal correction policy;

—failure to adopt a unified national program for counteraction, covering the activities of the executive, legislative, and judicial authorities in that respect;

—lack of the development of an efficient structure and mechanism of interaction in the struggle against crime;

—elimination of the system of social prevention and resocialization of perpetrators of criminal actions;

—elimination of most of the control authorities without their functions' being transferred to other bodies.

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Crime in 1994		
Registered crimes	225,830	100%
Detected crimes	84,000	38%
Sentenced individuals	8,552	4% (approx.)

Serious damages affecting the country's national security were caused. The unfounded and even absurd idea that all democratic countries are always and in everything our friends, and that Bulgaria has no countries that oppose its interests, was formulated. This view was manifested in the unilateral declaration abandoning intelligence activities, withdrawing and releasing our agents working under diplomatic cover, liquidating of scientific and technical intelligence, diminishing our intelligence positions, and allowing foreign countries to handle intelligence sectors.

The unprofessional approach to counterintelligence—its functional reduction, linear and target restrictions, and professional and cadre deprivation and incompetent leadership in recent years—led to the wrecking of the administrative-legal and operative system of measures on which its activities were based. Preventive work that anticipates events is about to disappear. The system of state secrets has been virtually eliminated. Being lost are operative positions for controlling and influencing channels for intelligence penetration of Bulgaria; certain targets that should be protected by means of counterintelligence; and the opportunity to create a solid informational base whereby state institutiions can make responsible decisions. The elimination of scientific and technical intelligence and the economic management of counterintelligence operating within the framework of the National Intelligence Service and the National Security Service, and the elimination of the structures and positions of economic counterintelligence in state enterprises, brought about difficult consequences in terms of the country's economic condition. The state, which owns about 85 percent of all economic enterprises, refused to supervise their activities and left them to the individual administration of their managers and various political and financial "sharks."

Transferring military counterintelligence from the MVR [Ministry of Internal Affairs] to Army management, and its subsequent elimination and partial restoration, had as a consequence the draining of significant and secret military information concerning the country's defense capabilities, uncontrolled corruption at different levels of the Ministry of Defense, a number of known and unknown affairs and arms deals, and a lack of serious control over the military-industrial and industrial complexes.

At a time when the emphasis of the intelligence and counterintelligence activities of foreign countries shifted to actively assisting their economic interests, Bulgaria allowed uncontrolled interference by foreign forces that was inconsistent with the national interests in the realm of the Bulgarian economy, and an unprecedented waste and export of the national wealth related to internal Bulgarian factors.

As a result of violating MVR administrative procedures, centralization has been virtually eliminated, as has the system of one-man command. The collective coordination and administrative authorities—councils, collegiums, and so on—were inactive. We are faced with a situation of organizational, administrative, and operative separatism at all levels (the management of the MVR, the national central services, and the RDVR [Regional Directorate of Internal Affairs]). Many of the leaderships have become isolated from the structures they administer. Coordination and interaction among different services and levels within them have been violated. Functions are being duplicated. Disloyal competition and conflicts in the development and outcome of operative activities are increasing. On the information level, the reorganization resulted in a severe drop in the volume and quality of information provided by the MVR leadership to leading state institutions.

The cadre "reform," which took place after the necessary structural changes of 1990, had an extremely negative impact on the activities of the MVR. This reform was politicized and aimed at destroying the security services and pitting them against police services. Between 1990 and 1994 the MVR dismissed a total of 17,290 employees. The most serious blow was dealt to the middle and high leadership. As a result of this, at different times, the management of the MVR was assumed by people who were insufficiently prepared and who were frequently inadequate in terms of the conditions, circumstances, and professional work requirements. The cadres were subjected to periodic purges and cadre changes based essentially on political considerations stemming from the lists and suggestions drawn up by the various coordination councils of the SDS [Union of Democratic Forces] and the vague criteria of loyalty to the authorities of the time.

This led to the elimination of continuity among cadres as a mandatory prerequisite for their professional growth. Irreparably lost were operative and administrative know-how, and production and management experience. It was mainly police cadres—not sufficiently familiar with the problems of national security, counterintelligence, and organized crime—who were made heads of departments and important services in the ministry. A lack of stability in cadre policy, periodical purges, badmouthing, and careerism are at the basis of the depression that has lasted for several years among the personnel, as well as for the lack of motivation to work and the spreading corruption within the system of the MVR. Personnel criteria governing the selection and appointment of new officials were lowered. This led to the penetration of the services by people related to political parties and groups, and financial-economic interests, and criminal groups.

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These changes and the specific consequences of the reform had an extremely adverse effect on the core of the work performed by the MVR authorities—operative-investigative activities. A blow that will take many years to repair was dealt to the agents, without whom maintaining security and countering crime are inconceivable. The operative and technical possibilities of the special services were sharply curtailed. Many positions, which had been difficult to gain, were destroyed. The significant restriction of its financial and material and technical support had an unquestionably strong negative impact on the possibilities of the MVR.

Exceptionally favorable conditions have been created for a lasting intelligence penetration in all areas and targets—economic and military projects, financial and political organizations, and state organs and structures. Residents of foreign special services, international terrorist organizations, and links within the system of international organized crime have settled in the country, where they operate without control. Bulgaria is an intermediate point in drug traffic, the smuggling of various goods, money laundering, and the export of capital from East to West. It could be said that the country has been brought to the position of a fenceless yard in which important military, political, and scientific and technical information is being gathered unobstructedly, along with know-how and other things, to the detriment of national interests. The more than 100,000 foreign citizens who reside practically without control on our territory are a substantial base that facilitates the development of such channels and activities. External factors have been allowed to influence serious ethnic and religious processes in our country. Observation of, and counteraction to, such activities and processes are relatively weak and are not consistent with the possible negative consequences to Bulgaria. [passage omitted]

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Current State of Trade With Slovakia

95CH0210A Prague LIDOVE NOVINY in Czech 24 Mar 95 p 5

[Commentary by Ivo Polisensky: "How Will Trade With the Slovak Republic Continue?"]

[FBIS Translated Text] A Czech exporter to Slovakia receives one blow after another. Just as a reminder: First came the import surtax and the certificates of origin for food, later came the devaluation of the Slovak koruna with respect to the clearing ECU, which disadvantaged Czech goods in favor of products from the rest of the world. But it seems even this is not enough. As of June, the firm barriers which exist at the Czecho-Slovak trade border will be reinforced by additional certification regarding quality, which will encompass virtually everything exported by Czech firms to Slovakia. The question which thus remains to be asked is what is to come next and what to do with it?

Primarily: Slovakia is no longer our most important trade partner. Last year, trade with the Slovak Republic accounted for approximately 15 percent of the total Czech foreign trade turnover. The numbers for this year's first statistics indicate that the bottom of the level of mutual commercial exchange will clearly be even a few percentage points lower.

The breakup of the common state and the separation of the currencies has resulted in a reduction of mutual trade by 30 to 40 percent over a few months. Czech firms, which formerly exported only to Slovakia, have found other markets elsewhere—primarily in the countries of the European Union. In 1993, some 26.9 percent of Czech exports went to the Federal Republic of Germany, 20 percent went to Slovakia, and 6.2 percent to Austria. One year later, exports to Germany have risen by 2.4 percent over the 1993 volume, exports to Austria rose by 1 percentage point. Exports to Slovakia, on the contrary, have further declined by 3.7 percent. A similar situation holds true for imports. Whereas imports from all countries increased last year, in comparison with 1993, imports from Slovakia for 1994 declined by 8.2 percent.

The breakup of the country was accompanied by efforts to maintain mutual economic relationships between the Czech Republic and the Slovak Republic at the highest possible level. None of those who made decisions were able to completely accurately estimate what the disintegration would take away from both states in their economic life and what will be preserved as is. This was also reflected in the agreements to establish a customs union, a payments agreement between the Czech Republic and Slovakia, without which a separation of the currency would not have been made so easy. The favorite phrase of the present governor of the Czech National Bank, as well as of the Czech prime minister, was approximately as follows at the threshold of 1993: Through this payments agreement, we are buying time, which we need to adapt to the new economic conditions in which the breakup of the federation will result without regard to any common past.

Both Prague and Bratislava needed specific economic relationships with their closest partner; they were also more advantageous for Slovakia. However, the last two patient years have brought the Czech Republic nothing that it intended to acquire through its counterplan. The good offer to engage in free trade without any kind of barriers, which is provided by the customs union, is distorted by the Slovak bureaucracy when it requires the assignment of quality certifications. Moreover, Slovakia even today is refusing to recognize its indisputable debts from the past and most recently wants to reopen the already closed cases involving the division of the federal railroads and of the Czechoslovak Airlines Company.

Czech manufacturers have found their markets elsewhere rather than in Slovakia and this is also our gain from the most recent years. Let us do away with the clearing system because it damages Czech exporters and prevents them from engaging in free competition. Let us leave Slovakia only that place in our foreign economic policy which it is due.

Trade Unions Demonstrate Against Draft Laws

95CH0213B Prague CESKY TYDENIK in Czech 30 Mar 95 p 2

[Article by Josef Maraczi: "According to Falbr, Saturday's Meeting Cost Each Trade Unionist One Czech Koruna"]

[FBIS Translated Text] *Under the slogan "Trade unions for a dignified life," the Czech-Moravian Chamber of Trade Union Associations (CMKOS) organized a national meeting of citizens on Saturday in Old Town Square in Prague; according to estimates, some 90,000 persons from various locations in the Republic were expected to attend.*

As early as before lunch, some 50 students came together on Letna Plain and asked the trade union representatives to support them in their campaign against an increase in the annual school fees to 10,500 korunas [Kc]. "By this method, advanced school students will be recruited primarily from families which are better off," said the students.

Participants in the meeting supported the efforts of the Czech-Moravian Chamber of Trade Union Associations to obtain "good social laws" and supported the efforts of the trade unions, which had been ongoing for several months, to assert demands that government proposals of laws covering old-age insurance and state social support be changed. They also demanded across-the-board payouts of contributions for children, the family subsidy, burial funds, and supplemental birth payments. In the afternoon, the trade unionists welcomed the chairman of the CMKOS, Richard Falbr, to the Old Town Square in

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Prague; their banners contained such slogans as "Peaceful old-age, assured pensions are what trade unions are here to mention" and "Falbr to the Castle," etc. Falbr said: "Social reform is necessary, but is not necessary now and in its present form. We desire a decent reform for a decent republic." He added that the trade unions see no reason why social reform inspired by Third World countries should be adopted.

After the meeting ended, Falbr declined to say anything for the communications media for reasons of time pressure. From the window of the vehicle in which he departed the square, he told the reporter for CESKY TYDENIK: "As part of our entire campaign, this demonstration was necessary. It fulfilled my expectations, as well as the expectations of the trade unionists." Representatives of the trade unionists handed a letter to all delegates of the Czech parliament in which they appeal for the demands and proposals submitted by the CMKOS to be taken into account in discussing social laws.

The participants in the meeting were brought to Prague by 2,000 buses and 11 special trains. Their numbers were estimated by Falbr to be about 90,000. He also stated that approximately Kc1 from the trade union dues paid by each individual would be used to defray the costs of the meeting and that this action cost taxpayers nothing.

Labor Unions Become Active, Hold Demonstration

95CH0219B Prague PRAGUE POST in English 11 Apr 95 p 4

[Article by Alena Zivnustkova: "Unions Say It's Time To Speak Up"]

[FBIS Transcribed Text] After five years of relative passivity, Czech labor unions are going forward with a new vigor, not so much to win pay increases as to fight for job and retirement security.

Labor-union leaders say that now is the time for them to become active and decisive.

"Before, they used to say labor unions that were too active could stop or even turn back the economic reforms going on in our country," said Richard Falbr, chairman of the Czech-Moravian Chamber of Labor Unions, the nation's central labor federation. "But now, when no one thinks the whole process could be reversed, there is no reason for us to be 'yes men' anymore."

More than 50,000 union supporters held a demonstration on Old Town Square in late March. And rail workers at Prague's main train station recently have threatened a strike to protest working conditions.

Unions now see their task as discussing issues that may be uncomfortable for the government but are important to constituents, according to the chamber's deputy chairman, Milan Stech. "The government thinks that, if it doesn't talk about problems, people will not know about them," he said.

More workers are joining unions because they have confidence that the organizations are effective, according to Josef Listvan, personnel director at Trinecke Zelezarny, one of the largest metal plants in the Czech Republic. He said 80 percent of his company's employees are union members.

"Labor unions have weight and, because of the way they formulate their politics, they are gaining respect," he said.

Bohumil Blahonovsky, who leads the labor union at Trinecke Zelezarny, said his group has more than 18,000 members. Workers once viewed unions in terms of the services and privileges they could provide from day to day. Now, he said, members see labor unions as a safety net.

"People used to think of (unions in the same way they thought of a) savings bank, but now they think of them as an insurance company," Blahonovsky said.

Deputy Vlastimil Tiusty of the ruling Civic Democratic Party (ODS) is a member of the parliamentary agriculture committee. He said he accepts labor unions as a partner in dialogue but thinks discussion should take place "on parliamentary soil."

"It is obvious that the labor unions are strongly transforming themselves into a shape close to a political party," Tiusty said. As an example, he cited the recent attempts of the Czech-Moravian Chamber of Labor Unions to force the government to withdraw a package of social laws that didn't suit the union's wishes.

Jindrich Nemcik, who represents the ODS on the parliamentary committee for social politics and health care, said labor organizations are becoming overly outspoken. He said unions seem to be turning away from their traditional activities, such as pursuing better working conditions and higher salaries, and toward issues that are "not really their business."

"They are trying to assist the parliament," Nemcik said.

Falbr responded that anyone who thinks the sole purpose of labor unions is to push for worker safety is mistaken.

Unions Seek Voice in Legislation, Political Life

95CH0219C Prague PRAGUE POST in English 11 Apr 95 p 15

[Commentary by Egon T. Lansky: "The Czech Unions' Rite of Spring Warrants Government Attention"]

[FBIS Transcribed Text] Compared to a similar gathering a year ago, the trade unions' recent demonstration on Prague's Old Town Square was a success. The number of participants was considerably higher, the discipline was better and the weather, which was much worse than

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a year ago, required a stiff mood—something that is a precondition for a good political fight.

And, even if the economic situation of the Czech working class is far from desperate, it is quite obvious that social security is no longer automatically guaranteed.

As social legislation of the post-communist era is being debated, it is also obvious that conflicts might be approaching. The demonstration, which took place the last weekend of March, however, was a faraway echo.

I would agree with Prime Minister Vaclav Klaus that the gathering was a clear political act. But I would distance myself from his critical attitude on this kind of event.

In the European tradition, trade unions have an accepted place in the political life of society, and that includes a right to express opinions on matters that affect the interest of their rank and file. Friend and foe (above all, foe) anywhere in Western Europe should be careful to listen to what they have to say. It is, therefore, a sign of arrogance for a leading politician to pretend not to have listened.

The problem with Klaus is that he might not have pretended, which would have been wrong and possibly dangerous. If they are your enemies, you ought to listen carefully. If they are not, why don't you listen?

A well-balanced and self-confident attitude is what seems to be lacking in the post-communist society on both sides. For however critical the prime minister—along with some other politicians and journalists—might be about the aggressive tone and attitude of the Czech trade unionists, the fact remains that in their public appearances a certain shyness and apologetic tone are undeniable.

Nor is their appearance and delivery very professional—some parts of the speeches would have required a pause to give the crowds a chance to respond, a gesture every once in a while could have underlined some statement or demand, and more decisive would have left an impression of strength. As it was, the speeches only criticized some general attitudes of the government, such as increasing the retirement age.

The only one to speak clearly and decisively was the guest speaker from the European Trade Union Confederation. One of the fundamental claims of the unions—and several political parties, some of them participating in government—was to keep social-security payments separate from the state budget, something the government once suggested and even promised, but never did. It is a well-based and legitimate claim. And, as Czech trade-union leader Richard Falbr has mentioned, there are signs that in the end it will be fulfilled. The question is: Is it wise for the government to complicate its own life by not only creating this kind of blind alley but deliberately running into it?

I happen to have lived in the United Kingdom in the years when Margaret Thatcher was in her prime and remember well her taking up a fight with the British unions.

No doubt she was aggressive—and arrogant as well—but so were the mighty unions. The Czech ones are neither mighty nor arrogant. What, therefore, seems amazing to me is the hostile attitude of most of the media.

Here, I would like to point to the Czech daily LIDOVE NOVINY, which tries to appeal to the intellectual portion of the general public. It prides itself on having taken up the tradition of its social-democratic predecessor and would like to present itself as impartial. Its reporting and commentary on the trade unions, even prior to the demonstration, was not only openly hostile; it carried the trademark tone of communist propaganda campaigns against capitalism.

The union demonstration seems to be becoming a traditional rite of spring. Next spring, the election campaign will be just starting. And, if political signs do not deceive me completely, Falbr—who according to posters is the "father of the working people"—has been reminding politicians that "we will remember how you (vote) on social legislation."

Some 3 million voters can have a powerful memory.

EU Report Bitter About Czech Low Wages

95CH0219A Prague PRAGUE POST in English 11 Apr 95 p 9

[Article by Eva Munk: "Republic's Minuscule Jobless Rate Inspires EU Resentment"]

[FBIS Transcribed Text] In its most detailed analysis of the Czech economy in the past two years, the European Union has warned that the Czech Republic could face increasingly stiff trade barriers because of its employment practices.

The EU (European Union), still burdened with nearly 11 percent unemployment, is beginning to tire of competition from Central European economies whose low wages make them attractive to employers. This resentment could materialize in the form of tighter trade sanctions, implies an EU analysis of the Czech economy released late last month.

"As unemployment in Western Europe will fall only slowly, the emergence of Eastern producers and labor forces as competitors for Western producers and employees may generate demands for protectionistic measures on the grounds of so-called social dumping by Eastern Europe," the report states. "Low wages and social protection and poor working conditions may serve as arguments to scale down East-West labor migration and import of goods and services from these countries, including the Czech Republic."

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Unfortunately, low wages are one of the few advantages Central European economies have.

Government wage caps, combined with the devalued crown, give an enormous boost to the Czech export market, make Czech labor attractive to foreign investors and keep unemployment low in this country.

The EU economic analysis notes that while Czech unemployment has remained at near-zero levels, productivity has dropped by 25 percent since 1990. Although productivity is again rising at the rate of 2 percent per year, it might be expected that low productivity rates will have a negative effect on unemployment rates in the long run.

"The competitiveness of Czech enterprise hasn't improved much," says Gerhardt Sabathil, the first secretary for the EU delegation in Prague. "It is based on cheap labor and foreign trade, but this country now has a trade deficit. This country needs at least a 5-percent growth rate in order to catch up to the EU countries."

From the EU's point of view, the low wages give companies based in the Czech Republic an unfair advantage over their competitors from surrounding countries.

"It is not in the interests of international economic cooperation that the exploitation of workers should become an instrument of cooperation," states a recent EU study on social and labor policies.

Under the present EU agreement with the Czech Republic, workers must be allowed to move and work freely throughout the territory of the EU, accumulating benefits as they go.

In other words, an employee who lives in the Czech Republic, Germany and Spain in the course of his working life will receive proportionate social-security benefits, including pension and medical coverage, corresponding to the standard rate from each country.

In general, there seems to be a consensus that entry into the EU will not adversely affect Czech employment. On the contrary, measures such as the free movement of workers will legitimize in a humane way what is happening already by providing a social safety net for migrant workers. EU membership will also forestall accusations of social dumping and the possible repercussions of those accusations.

"In view of the fact that those states have higher unemployment than we do, the impact on our employment should be minimal," says Miroslav Uchytil, director of the international section of the Ministry of Labor and Social Works.

Uchytil adds that Labor Minister Jindrich Vodicka has sent letters to all member states of the EU, asking them to open their labor markets to Czech citizens.

In addition, according to Marketa Kornerova, director of the EU section at the Foreign Ministry, there is much to be gained for Czech entrepreneurs wishing to expand their activities abroad.

"It will be advantageous from a labor and social point of view in that Czech entrepreneurs will have the possibility of expanding into the European Union—something they can only do now with difficulty," she said.

Unfortunately, the move to adopt EU guidelines could result in the Czech Republic's losing some of its sovereignty over labor law.

To gain EU membership, the Czech Republic will have to accept the EU Social Charter, which includes the aforementioned freedom of movement, social security and medical provisions for workers and family members, employment security, health and safety standards in the workplace and racial and gender equality—a high priority with the EU.

According to the "White Book on European Social Politics," a position paper published by the European Commission last year, member states are initially required to inform the commission of the internal legislative steps they have taken to meet EU standards.

The commission then has the right to take delinquent countries to the European Court of Justice and impose financial sanctions if they are found guilty of deliberate violations.

The changing standards could entail certain benefits for Czech workers.

"Participation in the Social Charter will raise the standard of medical and social security by forcing us to harmonize our laws with EU standards," Kornerova says. "We will also be able to expect some initial subsidies in this direction."

The social- and labor-policies study stresses that the EU needs to cooperate with Central European countries on the "social dimension of transition (because it] is essential to reduce the risk of the population rejecting democracy and the market economy because the social and human costs are too high."

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FIDESZ Chairman Views Political Scene

95CH0208A Budapest MAGYAR NEMZET in Hungarian 14 Mar 95 pp 1, 5

[Interview with FIDESZ chairman Viktor Orban by Attila Kristof; place and date not given: "The Legacy of 1948 Is in Jeopardy"]

[FBIS Translated Text] *Six years ago, Viktor Orban's name was, in the literary sense as well as actually, a late 20th-century metaphor representing the youths of March [1848]. In the eyes of Hungarian public opinion, in an enchanted revolutionary mood, his name seemed to embody the pure ideals that dominate any nation's great moments, make those moments unforgettable, and lay the foundations for the nation's future. He stepped out before the nation for the first time at Imre Nagy's funeral. His reflections produced consternation and shock. Many things have changed since then. If we now ask where the snows of yesteryear are, in what sense are we raising that question?*

[Kristof] The 15 March holiday is always a suitable occasion for reckoning and summing up. How do matters stand now as regards the idealism of the youths of March, and as regards the content—with society's progression—founded on that idealism?

[Orban] If we examine the intellectual and political performance of the leftist (MSZP [Hungarian Socialist Party] and SZDSZ [Alliance of Free Democrats]) elite ruling the country in the light of the government of 1848, the result fills us with sorrow. The first thing that comes to everyone's mind in conjunction with 15 March is the idea of commitment to the nation. Yet, if we examine the general intellectual situation, we find that in recent years—thanks to the efforts of the now-ruling socialist and social-liberal parties, and their intellectual fringe—the expressions "nation," "national interest," and "Hungarians" have acquired a pejorative connotation. When a political force in Hungary declares that it is committed to the nation, there is laughter from the Left in parliament, laughter that conveys ridicule and superciliousness. For instance, when FIDESZ [Federation of Young Democrats] clearly expresses its standpoint—as it did recently in conjunction with basic agreements—and its speaker dwells on the attitude to the national issue, the TV reporter is able to comment with bright regret that the tricolor is all that is left of FIDESZ.

They [the ruling parties and their intellectual fringe] label as outdated, and ridicule, the natural aspiration that politicians, businessmen, writers, artists, and everyone who is able to work, should work for the benefit of the country and also should seek his personal success through such work.

[Kristof] Who has caused these conditions?

[Orban] One must not put equate the radical right and the leftist liberal groups, because their intellectual natures differ. But I must say that the conditions existing today are a necessary consequence of the struggle between them. After 40 years of proletarian internationalism, the passion with which the radical right attempted to persuade the country to adopt this cultural ethos, the legacy of 1848, was understandable. But that passion was also excessive, aggressive and domineering, and has caused much harm. Public opinion should have been led patiently, in conformity with its own nature, back into the channel it had been forced to abandon 40 years earlier. The aggressiveness evoked resentment and provided opportunity to publicly discredit nationalism and its advocates.

[Kristof] Besides intolerance, didn't boorish clumsiness play a role in this?

[Orban] Intolerance is a sort of clumsiness in politics.

[Kristof] After independence, let us examine the ethos of freedom, the other fundamental idea.

[Orban] In 1848 the young [illegible]e and the Hungarian political elite of the time saw no contradiction between personal freedom and civil rights, between belonging to the national collective and also to denominational collectives. They even believed they had discovered complementary elements between the two. The relationship between collectives and individuals was harmonious within this unity.

The organic unity had existed in 1848 between the individual's freedom and his belonging to a collective was also characteristic of the post-1848 liberal political tradition, but it broke down after World War I. Liberal political thinking was unable to recover between the two World Wars. In the changed world after the Trianon Treaty, it did not find good answers to a well-balanced relationship between the individual and the collective—between individual freedom and the national issue, and between individual freedom and denominational collectives. This is were liberal politics bogged down, thereby creating a bad tradition as well.

Both liberal traditions revived in 1988. FIDESZ represented the broad-minded liberal tradition; today, we may already say that it represented the conservative approach to the individual, the liberal tradition that respects and supports the collective. And the SZDSZ (Alliance of Free Democrats) revived leftist liberalism, the social-liberal direction. The conflicts between the two parities in the period 1990-95 stemmed from these differences. I feel that FIDESZ's attempt to develop modern liberal politics, based on Hungarian traditions but adapted to the given conditions in Central Europe, has been successful in the rational, intellectual sense. In the political sense, however, it was a nearly fatal failure. In the 1994 elections, the competition between these two types of liberal thinking (FIDESZ versus SZDSZ) produced a very sad defeat for us.

[Kristof] How deep a defeat can it be regarded?

[Orban] In my opinion, more time will be needed for Hungarian public opinion to support more forcefully the ideas we are advocating. We have only modest means at our disposal to present our principles in their genuine form. We have hardly any chance of reaching the citizens directly, without comments.

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[Kristof] These ideas border on freedom of the press, one of the decisive demands among the 12 points.

[Orban] I share Bela Pokol's view that the present nature of Hungary's mass media has actually departed from the principles and standards specified in the Constitution, although this departure cannot be established legally. The mass media are monopolistic, one-sidedly biased. Ninety percent of the available intellectual products, whether in the electronic or print media, reflects a leftist liberal mentality, while the proportion of organs with systems of values close to our own is barely 10 percent.

[Kristof] Perhaps we should revert ...

[Orban] One more comment: The leftist liberal newspapers respond to such views with hysteric denials. That amazes me, because the political leanings of a medium are clearly revealed during election campaigns. The American system of so-called endorsement, when papers in their editorials clearly tell their readers whom to vote for, has not been introduced officially in Hungary. But anyone who peruses the articles that appeared in Hungarian newspapers during the election campaign will find that most newspapers unambiguously told their readers that the coalition led by the MDF [Hungarian Democratic Forum] had to be replaced, and that something new had to come that would link the MSZP and the SZDSZ. In addition to all this, the newspapers in question even pretended to be independent.

[Kristof] In my opinion, the bashfulness and guise of independence, in combination with numerical superiority, intensified the effectiveness of the endorsement.

[Orban] In that sense, it would be impossible to rate the Hungarian media highly enough. They took part in the distribution of power.

[Kristof] When FIDESZ was formed, I suspect, its founders were not led by any desire to be included in power-sharing. When you look back on that period, on its generosity and sense of freedom, are you not disappointed?

[Orban] I am disappointed, but I am also aware of a returning sense of old historical times. Although sad, I am still optimistic. As to why? What I am about to say applies not just to FIDESZ but also to the MDF and, generally speaking, to every political party formed in the 1980's. Those who joined in the work of these parties—perhaps as founders like myself—did not base their decision on career considerations, the way the citizens of more fortunate countries choose politics as their career. In our case, this was a kind of moral pressure, a summons: The old world is collapsing, and what the new world will be like will depend on us as well. This is how we founded FIDESZ, in a sort of moral zeal and out of a sense of duty. As my wife tends to tell me, half in jest, when she is discouraged by the ever-newer political failures of FIDESZ and by the country's setbacks: All the past seven years have been good for is that the illegitimate wielders of power, against whom we founded FIDESZ in 1988, are now able to return as elected representatives of the people, committed to democracy and morality. There is some exaggeration in this, because the world is not all that simple. But there is truth in it as well.

But why do I speak, nevertheless, about the sense of historical times? Because it seems to me, eight months after the elections, that the old elite has again proved itself incapable of governing the country. It has no ideas and, consequently, its constancy of mind is weak. The country is beginning to realize that there are no ideas and vision beyond the clumsily administered routine matters. Thus there could again be scope for a great historical change. The fragmented and dismembered civic parties' joining forces would be the real political answer to this intellectual challenge.

[Kristof] In my opinion, there are two ruling elites. One is the old elite; the other its "democratic opposition." Obviously, they too—and here I have specifically the Free Democrats in mind—entered politics because of a moral commitment.

[Orban] I am unable to imagine myself in the inner world of the SZDSZ's leaders and members. Mostly I tend to be amazed. Let me give you an example from recent events. FIDESZ politicians also attended, and spoke at, the Outcry function organized for the cause of Hungarian culture. The next day, leaders and even ministers of the SZDSZ made statements expressing their surprise and sadness that liberal politicians of FIDESZ had appeared together with people holding ultrarightist views. And nobody questions whether the party that, despite its one-time anticommunist views, now sits in a coalition government with the one-party system's heirs, squabbling with them over ministerial portfolios, has the moral authority to pass such judgment.

Without wishing to offend the Free Democrats, they are the ones behind whose criticism of us I fail to find any moral capital.

[Kristof] To remain with the Free Democrats' style, Gabor Demszky coined the slogan "Hands Off MAGYAR HIRLAP!" in a 15 March speech a few years ago. Could you propose a similar bombastic slogan now?

[Orban] I probably could. For instance: "More Air!" or "Breathing Space for the Moderate Conservative Press and Views!" or "Hands Off MAGYAR NEMZET!" or "Hands Off Television and Radio!". I could come up with such slogans. But it is to be feared that citizens' ears are not as sensitive as they were then.

As regards the Free Democrats, allow me to say that I fail to understand their policy also, because I do not know exactly who the Free Democrats are and what interests they serve. Not every party is equally sensitive about its independence, in the financial and intellectual sense. I regard the SZDSZ as a vulnerable party that has relinquished its independence, as a kept party.

[Kristof] "Kept" in what sense?

[Orban] In the economic sense and, in conjunction with that, also intellectually.

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[Kristof] MAGYAR HIRLAP recently wrote about the opposition as follows: "The civic sheepskin [of nobility] is just as anachronistic as were, not so long ago, the leopard-skin cloak and the mace." How would you interpret and amplify this sentence?

[Orban] That sentence is the end of a long chain of thoughts. Let us proceed in chronological order. Let us begin with the fact that the government coalition is preaching modernization. Hungarian citizens are suspicious of that word. They have learned in the course of our history that modernizers bring with them bloodshed and poverty, and mostly take away from a person what he has. The commissars of the Hungarian Soviet Republic [in 1919], Rakosi's cadres, and also Kadar's experts were modernizers. Hungary underwent modernization already twice this century, and both times it was accompanied by the liquidation of the middle class and the citizenry [the lower middle class].

Now this government is disregarding the historical sensitivity of Hungarian intellectuals and is again talking of modernization, without any explanation. That is why the political parties that attach importance to the existence of a national middle class began to use the adjective "civic" as soon as the modernizing government appeared on the scene. The political struggle will obviously be about whether the incoming government will be able to weaken the civic middle strata, or whether our intention to preserve and perhaps even strengthen the civic forces will prevail.

There are two ways of approaching the concept of a civic Hungary: first, from the fact that we are talking about people who may sell their labor power but also have property of their own, and are therefore not completely at the mercy of either the capitalist circles and governments of the day or the livelihood-destroying, shifting winds of history. The other approach starts out from the intellectual orientation: The citizen belongs somewhere, is the vehicle of traditions, creates a home for himself in the world, belongs to collectives, has a family, strives to bring up his children properly, has a country to which he is attached, and participates in and supports collectives. Civic existence in this sense is the world of intellectually independent individuals.

The past eight months have confirmed that it was not an exaggeration on the part of the opposition parties to call themselves civic parties, while calling the governing parties leftist. The way I see it, the middle strata in Hungary are exposed to continual threats, and the process of weakening them is in progress. Specifically, this is what the privatization bill is all about—about an economy in which there are a few big capitalist groups, no middle stratum, and a vegetating mass of wage earners. The idea of taxing real estate also belongs here. The point is how to deter the middle strata from wanting a home or apartment, property of their own. That desire is one of the most important characteristics of civic existence.

Without wanting to offend anyone in his or her diversity, I am obliged to say that, in an intellectual sense, the way the present cultural power structure is emphasizing diversity is symbolic. It teaches respect for diversity, and rightly so, but it fails to address the question: In relation to what is diversity different? It is possible to respect diversity, and to live with it, only if we know who we ourselves are, and if nothing threatens our self-awareness. There is at present no cultural-policy plan and program in Hungary that could reinforce this kind of individual and collective self-awareness, thereby striving to round out and perfect the attitude toward diversity.

The conceptual plan for a new educational system provides conclusive proof that the objective is to weaken the middle strata. The six-plus-four-plus-two system means that if you have not been born into the elite that happens to be ruling at present, or into its nimbus, then you must be prevented from even coming close to it. If you first saw the light of day in a small village, you should stay there. In the village where you are living there should be preferably only a school with grades 1 through 6, and you should not be able to advance from there. Let society be split into two. Never again should the present elite's well-paid, influential positions be threatened by upward mobility. Let us deprive those below of any opportunity for advancement.

[Kristof] Can there really be such malicious purposefulness?

[Orban] When we think of our fellow men in terms of depriving them of opportunity instead of opening new opportunities for them, that is indeed ruthlessness.

[Kristof] Let us develop this thought further. The leftist liberal media are ignorant of ruthlessness. In fact, they present to us as professionally correct everything that is being done or planned within the ruling cultural circles. Even if these media do not approve of the government's every decision, they are united in condemning the opposition, morally and intellectually. How was such a one-sided bias able to develop within culture and the mass media?

[Orban] Those who in 1989-90 were in a position to divide in advance the positions within the emerging new world, placed the newspapers, periodicals and networks accessible to them under the control of like-minded people. Naturally, the media possessing such a mentality will now do everything in their power to prevent the citizens' already conspicuous disaffection toward the government from becoming the cause of the opposition's growing strength. This government is incapable of a performance that in itself is rated as valuable by the electorate. Viewing the production of the past eight months, many people in Hungary may believe with confidence that if an opposition able to maintain its moral bearing challenges the coalition, that opposition will have a good chance of winning a resounding victory, reversing the sign of the 1994 outcome.

[Kristof] In this society there seem to be Jupiters, on the one hand, and small oxen on the other. [Word play involving the Latin proverb: Quod licet Iovi non licet bovi, meaning: rank has its privileges.] Essentially it does

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not matter what a politician from the opposition says or does; in the media he will be made to appear an ox, and there will be approval ratings to confirm his unpopularity. But, on the other hand, a politician will remain a Jupiter, despite his bovine stupidity; he will remain a Jupiter even if he happens to be a confirmed stupid ox.

[Orban] Approval ratings present a somewhat more nuanced picture, nevertheless. A regular process is taking place at present: former supporters of the ruling parties are joining the ranks of the nonvoters. There they sit on the fence, and only later will they commit themselves to supporting another party. We recognized this trend already in 1991-92. Hence the opposition has no cause to be impatient. Concerning the gist of the matter, we have only one chance: We must strive to have our words and personal utterances reach the citizens as directly as possible.

[Kristof] You have often been accused of being overbearing and thirsting for power. How do you explain that, specifically, the meekest from among the one-time FIDESZ founders has been given a taste of power?

[Orban] This is, again, an episode the likes of which exist, I sometimes think, only in wicked stories. How is it possible to turn fact into fiction, to present falsehood as truth and vice versa? When I was younger, I thought it impossible.

There is party whose leadership has demonstrably been striving for years to proceed in the spirit of the party's founding declaration; yet others, who switch sides, are rewarded with high salaries, and are presented to the public as heroes. Those who cling—albeit perhaps too stubbornly—to their earlier notions, independence, and ideals are subjected to constant moral attacks. The person who remains at his post, practically straining himself with effort, and is forced by the shortage of funds to work ten times as hard as his rival, is presented as being arrogant, while he who flutters over, changes sides, is practically pushed into a ministerial chair as his reward, is morally glorified for his meekness. I thought such things did not exist.

[Kristof] About Outcry, the opposition's function mentioned earlier, Ivan Peto wrote in MAGYAR NEMZET that it was "the meeting place of piranhas sensing blood," and Gabor Fodor wrote that he was disappointed in FIDESZ—and in Tamas Deutsch and Pokorni—for having attended such a meeting. What is your opinion of this?

[Orban] FIDESZ and a good many other parties were founded, among other reasoons, to put an end to the piranha style. One must not make light of other people's sense of danger, nor dismiss the painful sentiments of others. If so many people are showing concern for Hungarian culture, there obviously must be a reason for it. The right thing to do in such cases would be to investigate the causes that produce such actions, rather than to step over them with clumsy motions intended to appear elegant. Regarding [Gabor Fodor's] disappointment, I have only this comment: It is perhaps unfortunate that the minister of culture and education judges on moral grounds his one-time associates who have remained loyal to FIDESZ. I think he has brought grief on himself. He is showing remarkable insensitivity toward the ideals that a majority of Hungarian intellectuals associate with national culture. No one with such insensitivity can long remain in office as minister of culture and education in Hungary.

Perhaps it would benefit the minister, as well, if he were to return to the ideas and programs he supported as a member of FIDESZ, when he was still in opposition. This program is about putting an end to the cultural struggle, about forbidding personnel changes solely for political reasons. Our program includes the retention of the system of eight-year elementary schools. Government policy and the cultural administration's ethos are in conflict with this idea. If the minister of culture and education were able to return to the ideas he represented as a member of FIDESZ, I think he would still be able to gain some professional recognition, although he could not hope to win any respect from current FIDESZ members.

[Kristof] With the installation of the state secretary for cultural affairs, it seems that the government team is again ready for work. To what extent has this coalition been able to put the country in order during the past eight months? Or—let us be serious: How much work has the coalition honestly performed?

[Orban] After eight months, the country is much worse off in every respect than it was in May, 1994. This government has put the country on the skids. Its work is characterized by such confusion and chaos as did not exist under either the Antall or the Boross governments.

[Kristof] According to certain theologians, Satan is God's monkey. Who controls the monkeys causing the monkey business in parliament?

[Orban] Today the opposition ought to appear as a deliberate and serious political force. Anyone who destroys that image is playing into the hands of the governing coalition. To follow the logic of your figurative speech, the governing parties control the monkeys.

[Kristof] What lessons have you drawn from the events of recent years?

[Orban] Perhaps the most important lesson is how very difficult it is to govern. Although I did not attach much hope to the present coalition when it assumed office, I expected them to do much better the things they are doing. Indeed, I thought that intellectually they might be weaker than the Antall government was, but that they would be stronger in a technical sense. That is not how it has turned out. There is always something worse than bad. Thus I am more cautious in forming judgments.

[Kristof] Does that mean that you expect something even worse than what we have at present?

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[Orban] As is evident from the government's recent action plan for antifamily measures, there is even worse governance than at present. Reverting to what I have learned, in recent years I have been more receptive to metaphysical ideas. In that respect I am probably not alone; many others from my age group feel the same way. What happened was not simply that I aged six years between 1988 and 1995 but that from a 26-year-old I have become a 32-year-old. I have passed the age barrier, an important milestone along the way to becoming an adult. A person of my age, especially if he is married and has three children, already thinks with the weight of personal responsibility about life, his country, and loved ones. What formerly was an artificial, moot proposition has become something experienced first hand. I have a much deeper understanding of my friends who are concerned about the country's future and culture, about their faith, their family, and their children's future.

Expected Changes in Social Benefits Detailed

95CH9217a Budapest BESZELO in Hungarian 6 May 95 pp 9-11

[Article by Janos Eorsi: "The Social Benefits Package"]

[FBIS Translated Text] *At its meeting last week, the government adopted a bulky legislative proposal bristling with stabilizing measures. It actually combines amendments to 18 existing laws. Although a number of details remain unclear for now, the direction in which the proposed 170 billion-forint package is going to tip the balance of the state coffers can already be seen to some extent.*

Statements made by Finance Minister Lajos Bokros and Mihaly Kokeny, Ministry of Social Welfare state secretary, after the meeting uniformly confirmed to this newspaper that differences between the two ministries regarding, on the one hand, childcare allowances [GYES] "based on need," and, on the other hand, maternity support, were reconciled in the final moments. The Ministry of Social Welfare preferred to surrender maternity support amounting to 10,000 forints payable upon the birth of a child, in order to continue to provide, for two more years, GYED [childcare pay] and GYES irrespective of the beneficiary's income and assets, under a combined program called "childcare benefits." The Ministry of Social Welfare sought to puncture the Finance Ministry's "indigence" balloon with this tiny thorn. In the end, however, it abandoned this plot, satisfying itself with a provision requiring people to sacrifice before the altar of "indigence" by making a mere statement, and not by having to prove their income and assets. Having to provide such proof could have been humiliating and expensive, according to Kokeny.

As a result of the fact that the Ministry of Social Welfare succeeded in this regard, the populace (aside from demographic changes occurring in the meantime) is going to attest to its need to alleviate the financial burden created by caring for children only when the time comes to report personal income. Thus the possibility of supporting a stratum of an appropriate size becomes questionable. As demonstrated in our 23 March issue, as a result of the originally planned 15,000-forint monthly income threshold, 40 percent of persons receiving a family supplement would have become ineligible to receive childcare benefits. With the presently proposed 25,000-forint maximum gross income limit (coupled with a limited amount of assets owned, a matter already cursed by many), they are hoping to achieve a 20-percent reduction in the number of eligible persons. One wonders whether the method that justifiably observes the need to respect human dignity is going end up deceiving the public; whether, along with human dignity, undeserved benefits are also going to receive excessive protection.

However, at this time we should not worry about the extent to which social policy measures attain the short term goals of belt-tightening. Newspapers are buzzing with Finance Ministry figures anyway, showing billions of forints of savings attributed to the various measures (these figures were also buzzing in our 23 March issue). Instead, let us find out the extent to which the planned measures are going to advance the announced long-term goals.

In his 25-point program debut, the finance minister urged the establishment of a real social policy, as well as a related matter: a more equitable distribution of the public burden. We are going to come closer to this ideal when services performed by the state cost less, and when these services become more targeted, and thus also more sensitive as regards poverty.

For now we have only impressions, of course, and unfortunately, these impressions are rather mixed. To convey a sense of these impressions we prepared the following table (based on information provided by the press and obtained by us). It shows the most important changes in the social benefit system, (expressly underscoring the social policy features, rather than features that protect families and the handicapped). The fact that the ice has broken under the armor of individual entitlement—inherited from the socialist system—must by all means be regarded as a positive feature. At the same time, however, the limit on income was measured too rigidly, and thus citizens finding themselves near the "indigence" limit will obviously have a growing inclination to ask "why me?" questions. The obligation to report assets amounts to barely more than a symbol, even though it appears to be intended to provide advance political education for the real estate tax scheduled for 1997, and for the implementation of the other favored plan: the exercise of more stringent control by the tax authority.

The amendments create quite a few expanding parameters (e.g.: it is apparent that an increasing number of healthcare services can be included among services for which individuals must pay), and these may be helpful in the course of removing additional layers of skin off the backs of the people. Increased stringency as regards sick leave and sick pay amounts to great bloodletting by both employers and employees. At the same time, the particularly low amount of sick pay allotted to people while

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hospitalized serves as a warning signal to the public not to be sick without good reason. At the same time, as revealed at Mihaly Kokeny's press conference last Friday, savings derived from the campaign to reduce the number of hospital beds—intended to aid hospitals experiencing adverse situations—may go down the drain in the form of increased expenses resulting from the devaluation.

Least appealing is the fact that the planned measures hold out the prospect of large bloodletting by the poorest strata. Benefits will be increasingly distributed on the basis of "insurance" principles, according to which entitlement and benefit amounts depend on the number of "insured" days (days a person has actually worked) during the years prior to receiving benefits. Accordingly, the truly needy, such as the unemployed and residents in backwards areas of the countryside, will be left out. For now, the principles that govern the distribution of the 9 billion forints of local government funds earmarked for their compensation appear to be confused. Those who prepared the action package easily arrived at "savings" worth 7.5 billion forints by failing to extend GYED and GYET [child-rearing support] benefits to the uninsured. (It is a shame that the "money" involved does not amount to 17.5 billion forints, because that way they could have saved even more.) At the same time, they are preparing to remove the thickest layer of skin (in relative terms, of course) off the backs of people in the lowest stratum: off the backs of people receiving supplemental income.

The Most Important (Expected) Changes in the Hungarian Social Benefits System

Benefit	Present Rules	Changes Planned Effective 1 Jul 95
Family supplement	To be paid after every child until the child reaches the age of 16 (age 20 if studying in a high school or a trade school). Amount: depending on family type, between 2,750 forints and 3,950 forints per child. To be claimed upon the birth of a child.	To be paid to families with one child until the child reaches the age of six. (Provisions remain unchanged regarding families with more than one child, and single parents with one child.) Benefits are also payable to immigrants holding permanent resident permits and to political refugees. Eligibility: Heads of households in which the gross per capita monthly income does not exceed 25,000 forints, the value of family real property(ies) does not exceed 10 million forints, and the value of motor vehicle(s) owned does not exceed 2 million forints are entitled to receive family supplement. The fact that these limits are not exceeded must be declared as part of claims submitted annually (reported income must be based on the previous year's personal income tax return, and the termination of an income-producing activity may be taken into consideration).
Pregnancy and postpartum aid (TES)	Eligibility: Any woman giving birth who has been insured for a minimum of 180 days during the two-year period preceding the date of birth. To be paid for 24 weeks, four weeks of which may fall prior to giving birth. Amount: payable at a rate of 100 percent of the average income (after at least 270 insured days), and at a rate of 65 percent (after fewer than 270 insured days).	Eligibility: same as at present. Payable: until the first birthday of the child (and may be paid four weeks prior to giving birth). Amount: 70 percent of the average income earned for six months after birth and 50 percent of the average income earned thereafter, provided that the mother has accumulated at least 270 insured days during the two-year period prior to giving birth. The minimum amount of TES is the same as the amount paid for child care.
Childcare aid	Childcare pay (GYED) is payable until a child reaches the age of two. Eligibility: mothers[a], who have work relationships (but do not earn money under GYED), and who have been insured[b] for at least 180 days during the two-year period preceding the birth of the child. Amount: 75 percent or 65 percent of average income earned (depending on whether a person has been insured earlier for at least 20 days), but the amount must not be smaller than the minimum pension amount. Childcare allowance (GYES) is payable when a child is between the ages of two and three (and may be paid earlier to persons not receiving GYED). Amount: 800 forints per month after the first child, 900 forints per month after the second child, and 1,000 forints per month after each additional child, plus "supplemental income" irrespective of the number of children (this amounts to 6,700 forints per month as of today).	Childcare benefit replaces GYED/GYES. Payable: until the child reaches the age of three (or the age of 10 if the child suffers from a long-term illness or is severely handicapped). Eligibility: available only to persons entitled to receive family supplement, i.e., the income and assets limitation criteria also apply in this regard. Conditions regarding previous legal relationship as an insured person remain the same as those applied to GYED so far, but childcare benefits may also be paid to students enrolled in universities and academies, and further, based on considerations of equity, to parents who bring up their child alone, and to unemployed persons whose monthly family gross income does not exceed 12,500 forints. Childcare benefit payments may be extended, if the child is ill, until the child reaches the age of six. Amount: the minimum amount of pension. Payment of childcare benefits continues even if the parent is engaged in an income-producing activity beginning at the time when the child is 18 months old.
Maternity support instead of pregnancy supplement	Pregnancy supplement is payable beginning in the fourth month of pregnancy until one month prior to giving birth. Amount: equal to the amount of family supplement payable after the number of children in the family, plus one child.	Maternity support [c] is payable after giving birth. Amount: 10,000 forints per child.

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The Most Important (Expected) Changes in the Hungarian Social Benefits System

Benefit	Present Rules	Changes Planned Effective 1 Jul 95
Child-rearing support (GYET)	Payable to mothers who have previously acquired the onerous 180-day legal relationship of being insured, and further, who are rearing three or more children, the youngest of whom is between the ages of three and eight, and when the family's per capita income does not exceed the amount of the minimum pension benefit multiplied by three.	Additional limitation: Not payable if no family supplement is due after the youngest child (i.e., the income/asset limitation criteria applied in regard to the payment of family supplement also applies in this regard).
Sick leave	Ten workdays per calendar year, during which time the employer pays 75 percent of the average income earned.	Twenty-five days per calendar year. Unless otherwise agreed upon, no pay is due during the first five days of illness; 70 percent of the average income is payable for the rest of the days.
Sick pay	Payable: after all sick leave days have been used. Amount: 65 percent of the average income earned, or 75 percent of the average income earned after two years of continuous insured status.	Payable: after 25 days of sick leave have been taken advantage of. Amount: 70 percent of the average income earned; 60 percent when hospitalized (70 percent if a child six months old or younger receives care; 50 percent if a child between the ages of six months and one year receives care).
Health care provisions		The free-of-charge provision of certain types of dental torture [as published] (orthodontic work on persons 18 years of age or older, tooth preservation work, treatment of gum diseases, and dental surgery) are discontinued; services provided in sanatoriums, the unnecessary use of ambulance services, examinations by physicians specializing in sports-related conditions, prescribed treatment in therapeutic baths) become "partly nonreimbursable"[e]
Supplemental income for the unemployed	Payable to: persons experiencing long term unemployment[d], who do not have a regular income. The minimum amount payable equals 80 percent of the minimum amount of pension benefit. Persons engaging in a regular income-producing activity, persons refusing to agree to perform public work offered or refusing to accept a job offered, or persons whose relationship with the labor affairs center ceases through their own fault become ineligible for supplemental income support.	The maximum time period during which such payments are made is two years, but supplemental income support received prior to obtaining a job that was terminated quickly thereafter, and the time during which an unemployed person received supplemental income support the payment of which was terminated for reasons attributed to the unemployed, are to be considered part of this period. Eligibility does not cease if a person pursues an income-producing activity that produces an income of less than 40 percent of the amount of the minimum pension benefit.
Temporary aid		May also be provided monthly, on a regular basis, mainly in the form of housing support or as aid to bring up a child. (i.e., supplemental income support is partially replaced by this form of aid.)

Definitions: average income = the average daily income of the person supported; minimum pension benefit = the prevailing old-age pension minimum (8,400 forints at present).

Footnotes:
a) more accurately stated: the mother during the first year, and either parent thereafter.
b) insured—i.e., he or she paid, and/or someone else paid his or her social security contribution.
c) The method used prior to 1 January 1993 is reinstated (at that time the amount was 9,000 forints per child).
d) Persons who remain unemployed for a period longer than one year, or who find a job but are terminated soon thereafter.
e) The outlines of a legal solution emerge, on the basis of which any service provision may be easily changed to be made payable by the individual.

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National Bank, Finance Ministry at Odds

95EP0075A Warsaw GAZETA BANKOWA in Polish No 10, 5 Mar 95 p 11

[Article by Bozena Zulawnik under the rubric "Money Market": "Tug of War. The Dispute Between the NBP Chairman and the Minister of Finance Only Seems To Be About the Cost of Credit"]

[FBIS Translated Text] *Last year the minister had no problem funding budget expenditures because tax revenues were sufficient and, unlike expenditures, increased with the rate of inflation.*

Advantage was taken of this virtually comfortable situation in order to consistently reduce the average rate of return on treasury bonds. As a rule, the ministry put up for sale considerably fewer bonds than banks were prepared to buy and rejected all bids which were unattractive from its point of view.

Due to this, the average rate of return on bonds has fallen by almost 8 percentage points since January of last year. Of course, this has been very important for the budget. This facilitated a reduction in the cost of servicing domestic public debt. From the point of view of the minister of finance, this trend should continue. However, how is this to be accomplished now that the hard times for the budget have come?

The banks figured out the situation quickly. They took advantage of information to the effect that the minister needed funds for the "bonus wage" in the sector financed from the budget and for redeeming old bonds to come not only from commercial banks but also from the NBP [National Bank of Poland] which until then had been doing "rollovers" (that is, had been exchanging the expired instruments plus interest for new instruments). Now, in the absence of a budget law in effect, the NBP buys bonds only up to the amount which figures in the law on the NBP. It would be a sin for banks to not take advantage of the trouble the budget is in, even more so because the NBP chairman has encouraged the banks to do so by raising interest rates.

At the auction on 27 February, banks made such bids to purchase bonds that the minister resolved to sell only 8- and 13-week instruments, accepting rates of return which were 1.11 and 0.9 percentage points higher than the week before (the minister could afford this in the case of the shortest-term instruments). Longer-term bonds (26, 39, and 52-week) were not sold at all. The next auction was scheduled for 1 March, that is, two days after the previous one. At this time, 1.1 billion zlotys-worth of bonds will be up for sale—much more than in recent weeks. However, the ministry has already demonstrated many times that it can be firm.

A foreign-exchange loan obtained by the minister from the Paris branch of the Pekao SA should also be viewed as part of the tug-of-war. One hundred million dollars (i.e. 243 million zlotys) is indeed a small sum. On 27 February, bonds worth 840 million zlotys were put up for sale. From this point of view, the debate about whether the loan is expensive or inexpensive does not make much sense. Excessive payments have been repeatedly made at auctions, too. The debate is rather about principles.

The foreign-exchange loan may be interpreted as a message sent to investors: We are not going to accept the conditions you impose. We would rather tap foreign sources.

Such a policy of the minister of finance is entirely at cross-purposes with the monetary policy pursued by the NBP chairman. The minister is concerned with reducing the rates and the cost of servicing the public debt. The NBP president is spending a lot of money in order to secure the exact opposite effect. She [NBP president Hanna Gronkiewicz-Waltz] organizes open market operations due to which liquidity in the banking sector is reduced and does not allow the rates to fall excessively since she is apprehensive about this inducing a growth of money supply and, indirectly, inflation.

The awareness of the foreign-exchange credit obtained by the minister gives an extra boost to concerns about keeping the money supply in check. Obviously, the minister does not need foreign exchange to make expenditures within the country; therefore, the minister will immediately convert the foreign exchange into zlotys which will replenish the Polish financial system. In turn, the foreign exchange will be added to official reserves which are large to begin with. For several months now, their level has been a headache for the NBP president and has prompted her to reduce the rate of devaluation of the zloty. Added funds in the banking system will certainly force the NBP to increase the scale of intervention on the open market. Nobody would be happy to be hampered like this, hence charges of mismanagement.

According to the NBP president, the minister would be managing well if he sold bonds to Polish banks, thus contributing to mopping up the excess liquidity in the system. However, the minister is not out to get funds at any price. He wants to dictate terms to the banks himself. Last year, he proved that he can do it.

Despite all of this, it would certainly not be difficult to compromise. As it is, the Committee for the Management of Public Debt was established precisely in order to look for solutions acceptable to both sides. The committee has already met twice, but they have most definitely clung to different positions.

Embassy Adviser Discusses Trade With Russia

95EP0075B Warsaw RYNKI ZAGRANICZNE in Polish No 20, 16 Feb 95 p 6

[Interview with Zbigniew Kwiczak, trade adviser and minister plenipotentiary of the Embassy of the Republic

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of Poland in Moscow, by Jan Zabicki; place and date not given: "What Facilitates Trade With Russia and What Hampers It?"]

[FBIS Translated Text] [Zabicki] Mr. Minister, as one reads the press and talks about economic and commercial relations between Poland and Russia, one gets the impression that they are still in a state of collapse associated with the process of systemic transformations in both countries. Is it really so?

[Kwiczak] First of all, I will give some data highlighting our trade. During the first 10 months of 1994, Polish exports to Russia came to $775.7 million, and imports from Russia to $1,136.3 million. Compared to the corresponding period of 1993, this translates into exports growing by 67.7 percent and imports by 42.5 percent. After a dramatic breakdown of trade between Poland and Russia in 1991 through 1993 the year 1994 was the first period in which the volume of trade grew. It should be noted that such growth occurred last year despite a crisis in the Russian economy. The significant growth of Polish exports to Russia (in excess of 60 percent) is all the more noteworthy because total imports from that country during the same period of time increased by as little as 5-6 percent.

[Zabicki] What is the commodity structure of bilateral trade?

[Kwiczak] As far as imports from Russia are concerned, there have been no major changes: Energy resources still prevail. However, an increase in the deliveries of agricultural products and foodstuffs by a factor of about three has been recorded on the side of Polish exports, with the sale of machinery and equipment declining simultaneously.

[Zabicki] What hampers our cooperation, and what facilitates its development?

[Kwiczak] The process of creating a legal and trucial basis for economic cooperation continued in 1994. The following agreements were signed: on cooperation between the Ministry of Industry and Commerce of the Republic of Poland and the Committees of the Russian Federation for Machine Building, the Defense Industry, and Industrial Policy; on cooperation between the Polish Testing and Certification Center and the State Committee for Standardization of the Russian Federation in the area of eliminating obstacles to mutual trade, especially with regard to foodstuffs and agricultural products. The drafts of still more documents are being developed: a joint declaration of the chairman of the Council of Ministers of the Republic of Poland and the prime minister of the Government of the Russian Federation on the development of economic cooperation between the two countries, agreements on nuclear accident notification, cooperation in customs affairs and in the area of telecommunications. Work is underway on coordinating the terms for carrying out an agreement on the construction of a transit pipeline across Polish territory. I hope that other issues will also be resolved during Prime Minister Viktor Chernomyrdin's visit to Poland.

[Zabicki] What is characteristic of current economic relations with Russia?

[Kwiczak] The characteristic feature of current commercial relations between Poland and Russia lies in the fact that they are effected directly between companies and enterprises.

The abandonment of annual trade protocols and long-term treaties on the delivery of products and services has caused the competitiveness of products offered for exports to become a primary prerequisite for, and the same time an obstacle to the growth of Polish exports.

In assessing opportunities for trade in the future, we should stress that the potential for Polish exports to Russia is tremendous, especially in the area of agricultural products and foodstuffs and other consumer items. Taking advantage of this potential hinges mainly on stepped-up activity by Polish economic entities which should take into account competing suppliers from all over the world. Therefore, it is necessary to put in place domestic instruments for supporting exports and economic cooperation with Russia, such as a system for insuring export credit or credit guarantees extended by the government.

Special attention should be paid to the obstacle presented by the absence of an established and credible insurance and banking infrastructure supporting economic cooperation with foreign countries. In the Polish-Russian context, an organizational format for creating such an infrastructure can be found in establishing joint institutions to which both financial organizations and interested companies from both states would contribute capital (with an opportunity for third-country capital to participate).

The relatively low level of activity of Polish companies in the regional centers of Russia is one of the obstacles to our exports. This is the case with both the deliveries of agricultural products and foodstuffs (for example, deliveries to Moscow and St. Petersburg to which cities funds have been traditionally allocated every year for the acquisition of foodstuffs) and exports of certain producer and consumer goods (for example, pharmaceuticals and products of light industry).

Therefore, it is possible to say that difficulties in both countries hamper our cooperation. On our side, it is an insufficient quantity of goods which can be sold on the Russian market (this mainly concerns foodstuffs), and on the Russian side, it is a lack of stability as manifested in the hard-to-predict growth of the exchange rate of the dollar and growth of domestic prices, as well as changes in customs tariffs and a low level of investment.

Under the circumstances, it is hard to determine accurately which Polish goods have a chance of selling on the

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Russian market and vice versa. Everything depends on learning about the potential of your partner.

[Zabicki] I know that the BRH [Office of the Commercial Counselor] attaches great significance to trade between regions....

[Kwiczak] We view the development of cooperation at the level of Polish and Russian regions as one of the primary forces for enhancing bilateral economic relations. In 1994, the BRH began to establish a broad new arena for cooperation between companies at the level of Polish voivodships and regions of the Russian Federation. The signing of a cooperation agreement between Radom Voivodship and Orel Oblast and the establishment of contacts with Tambov, Tyumen, Samara, and Novosibirsk Oblasts, as well as Tatarstan and Bashkortostan, were the first results produced by these actions. The BRH has prepared a special Economic Bulletin which is devoted in its entirety to cooperation opportunities in the regional markets of Russia.

[Zabicki] What is the potential for our economic expansion through free trade zones?

[Kwiczak] In Russia, particularly favorable conditions for trade and investment exist in regions which enjoy the status of free economic or customs areas. Among others, this is the case with Kaliningrad Oblast. According to preliminary estimates, the volume of Polish trade with this region came to about $80 million in 1994, which means growth by a factor of almost two compared to 1993.

However, with the inclusion of private cross-border trade which is not necessarily reflected by customs statistics, this volume should be put at a level upwards of $100 million.

Construction services (the construction of three border crossings: Mamonovo, Nida/Neringa, and Goldap/Gusev—at about $10 million each and grain silos with a combined investment value of $5-7 million) and agricultural products and foodstuffs are among the basic Polish exports to Kalinigrad Oblast.

Capital-based cooperation has also been developing: Companies with Polish capital participation are the largest group of joint ventures set up in the region.

[Zabicki] What is the proportion of so-called suitcase exchanges in the volume of trade?

[Kwiczak] There are no suitcase exchanges, but there is suitcase trade. Russian citizens come to Poland with foreign exchange and make purchases in our country. According to Russian estimates, importation by suitcase from Poland to Russia comes to a few hundred million dollars a year (they even mention $1 billion). It is a favorable phenomenon for our economy. It would be nice if this assumed a more civilized form, for example, by way of setting up in the border areas wholesale warehouses offering goods which the Russians seek.

[Zabicki] The construction of the Yamal-Europe gas pipeline, which at one time was called the investment project of the century, will be an extremely significant economic undertaking. What is the status of this undertaking?

[Kwiczak] The Agreement Between the Government of the Republic of Poland and the Government of the Russian Federation on the Construction of a Pipeline System for the Transit of Russian Gas Across the Republic of Poland Territory and the Deliveries of Russian Gas to the Republic of Poland which was signed in Warsaw on 25 August 1993 provides the legal framework for the construction and operation of the Polish section of the gas pipeline. In accordance with the agreement, the Government of the Republic of Poland will extend credit guarantees for 15 percent of the construction cost, which is roughly projected ratio of gas delivered by this pipeline to Poland to the entire volume of gas carried by it. The Russian Government will guarantee the coverage of the remaining 85 percent of the construction cost and will ensure for Poland the option to purchase up to 14 billion cubic meters of gas a year (in the year 2010) above the quantities delivered by existing gas pipelines.

The Euro-Polgaz Transit Pipeline System joint stock company has been established to build, finance, and subsequently operate the Polish section of the gas pipeline. The partners in the company are as follows: the PGNiG [Polish Oil and Gas Extraction Corporation] with a 48-percent interest, the Gazprom with a 48-percent interest, and the Gaz Trading company with a 4-percent interest (the PGNiG, Weglokoks, Bartimpex, Gazprom, Gazexport, and Wintarshall AG are partners in it).

The PGNiG will operate the gas pipeline on Polish territory. The construction of the Polish section (665 kilometers) will begin at the Western border of Poland. This will result in connecting the Polish network of gas pipelines to the West European one at the very first stage of pipeline construction. This will make it possible to send gas to Western customers using the excess throughput capacity of existing Polish gas pipelines.

The combined cost of building the entire gas pipeline is estimated to range between $40 billion and $100 billion, of which the cost of the Polish section will account for $3.2-3.5 billion.

The projected target for deliveries comes to 67 billion cubic meters of gas a year. The throughput capacity of the gas pipeline will come to 83 billion cubic meters a year. Therefore, this is a huge investment project.

[Zabicki] The BRH had a special information booth which caused a great deal of interest at the International Consumer Goods Exhibition in Moscow. Is this supposed to indicate a genuine desire to get closer to the clientele?

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[Kwiczak] Yes. We are striving to establish an Information and Promotion Center, and in the future—specialized (Polish-Russian) offices for legal and economic support which will assist all economic entities operating in the Russian market. The BRH will reserve for itself strategic functions which follow from the objectives and assumptions for the national economy.

[Zabicki] Thank you for the interview.

Cleanup of Former Soviet Bases Continues

95EP0083A Warsaw ZYCIE GOSPODARCZE in Polish No 12, 19 Mar 95 pp 40-41

[Article by Krzysztof Walczak: "Cleaning Up After Others"]

[FBIS Translated Text] It is not possible to restore to their original condition all the areas on which Soviet Army troops used to be stationed in Poland between the end of the war and September 1993. The ecological damage is estimated at the huge amount of 52.2 trillion old (1994) zlotys. Such then is the cost of complete recultivation of these areas. To this day the agreement between the governments of Poland and the Russian Federation, under which we are to handle the "cleanup" following the nearly 50 years of the stationing of Soviet troops, remains highly controversial.

"The state budget simply cannot shoulder such an expense, and there is no point in explaining why, in view of the country's miserable material situation. No one ever will spend that kind of money," claimed Deputy Minister and Chief Environmental Protection Inspector Andrzej Walewski.

First, because no such money is available, and second, because there is no such need for it. So we are confining ourselves to urgent and indispensable protective and recultivating projects which would inhibit the spread of petroleum-derivative substances. The principal objective is to prevent the contamination of potable-water intakes in the neighborhood of the former firing ranges, airfields, depots, and billets of the Soviet troops.

The government has determined last January that about 2.3 trillion old zlotys (or 230 million new 1995 zlotys) will have to be spent by the year 2000 on these urgent protective and recultivating projects. A "Recultivation Program..." and funding rules have been adopted. Of course, as regards many military facilities that menace potable-water intakes or are the most devastated, the local self-governments did not wait for the decisions of the Economic Committee of the Council of Ministers and the Council itself, and instead they activated their own funding sources, in the expectation of reimbursement and a major injection of funds from the central government. The reality has chilled these expectations.

The state budget has in practice transferred most of the expenses on the recultivation and restoration of the most devastated areas to the responsibility of the National Fund for Environmental Protection and Water Management (NFOSiGW), the voivodship ecology funds, local-government budgets, and businesses.

In 1995 the funding of recultivation, cleanup of oil from the soils, and the elimination of waste dumps is to derive from the NFOSiGW (10 million new zlotys or 100 billion old zlotys), the Voivodship Environmental Protection and Water Management Funds (500,000 new zlotys or 5 billion old zlotys), businesses (200,000 new zlotys, or 2 billion old zlotys), local governments (1,050,000 old zlotys or 10.5 billion old zlotys), and foreign sources (900,000 new zlotys or 9 billion old zlotys). Altogether this year's plan for funding the elimination of the damage left by Soviet troops is for 12,650,000 new zlotys or 126,500 billion old zlotys).

Consider that this is the first year in a five-year recultivation plan requiring the commitment of 2.3 trillion old zlotys. That is an exceptionally small amount, which places under a question mark the chances for fulfilling that whole plan by the year 2000. The contingency funds of the voivodes committed for this purpose are very limited. Yet in August 1994 the Economic Committee of the Council of Ministers recommended to the voivodes that they allow for investment objectives ensuing from the recultivation program in their draft 1995 voivodship budgets.

In such a situation the brunt of financing rests on the National Fund for Environmental Protection and Water Management, which in a sense relieves the central budget of its obligations.

Last year the NFOSiGW planned to spend 90 billion old zlotys (9 million new zlotys) on extracting oil from the soils, recultivating areas contaminated by harmful and toxic chemicals, recultivating waste dumps, cleaning surface-water reservoirs, and excavating barrage drains. Not all the funds allocated for 1994 could be utilized, however, principally owing to the long time it takes the new owners of the post-Soviet facilities to prepare for recultivation, the delays in providing documentation, and the complicated bidding procedure for contractors.

Before the end of 1994 contracts were concluded with Swinoujscie (3.9 trillion old zlotys), Stargard Szczecinski (17 billion old zlotys for recultivating Kluczewo), and Ustron Morski (5 billion old zlotys for recultivating the territory of the former airfield and fuel depots in Bagicz). A contract with Silnowo Township (Koszalin Voivodship) for a subsidy of 32.5 billion old zlotys for recultivating Borne Sulinowo is in the final stage of negotiations.

Of the ten areas formerly occupied by the Soviet Army that have been selected for recultivation in 1995, the ones most costly to restore are at Kluczewo (26 million new zlotys, or 260 billion old zlotys), Brzeg in Opole Voivodship (20.5 million new zlotys), and Stara Kopernia in Zielona Gora Voivodship (32 million new

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zlotys). Other areas to be restored in 1995 are: Swietoszow (Jelenia Gora Voivodship), Szprotawa (Zielona Gora Voivodship), Chojna (Szczecin Voivodship), and the Legnica Airfield.

Elsewhere the situation is not as disastrous as, e.g., at Swinoujscie or Kluczew where the water intakes for the cities of Szczecin and Swinoujscie are under a threat of contamination. Soviet troops had been deployed at 59 facilities aggregating about 70,000 hectares in area. Studies conducted and supervised by the State Inspectorate of Environmental Protection have been confined to 21 selected facilities which account for nearly 90 percent of the overall territory occupied by Soviet units in Poland and which are the most devastated and require recultivation most urgently.

It is estimated that in the areas formerly occupied by the troops with the "red star" about 155,000 cubic meters of various kinds of petroleum derivatives, chiefly fuels, reside in the soil and flow freely in the aquifers. For comparison, the combined capacity of Soviet fuel tanks in Poland was about 460,000 cubic meters, meaning that one-third of that fuel has leaked into the soil. It is not surprising that at a couple of spots the local population dug holes in the soil and scooped up oil and gasoline by the bucketfuls. The thickness of the layer of fuel flowing underground has reached in places as much as 5 meters.

Kluczewo, Brzeg, Borne Sulinowo, Swinoujscie, Swietoszow, and Bagicz are on the list of facilities which must be immediately secured before the disaster grows worse. That is because in these areas any neglect of recultivation work will mean an unimaginable ecological disaster and the closing of access to drinking water for more than 2 million people.

Kluczewo Airfield is located in the sanitary-protection zone of Lake Miedwie, which is a reservoir of drinking water for Szczecin. It also is the locale of the largest amount of fuel flowing underground (nearly 60,000 cubic meters). The oil-contaminated aquifers move in the direction of the Gowienica Miedwienska River, which after 3 kilometers flows into Miedwie Lake. In this case every day counts.

The airfield at Brzeg (8,000 cubic meters of fuel flowing underground) is drained in the direction of Pepicki Watercourse and located in the confluence of drinking water for Wroclaw.

A similar threat is hanging over Swinoujscie and one of its drinking-water intakes, Wydrzany. A disaster in the making still is hanging over Borne Sulinowo, especially considering the dynamic growth prospects for that new town, since the water intake under threat is supposed to augment the daily water supply for the inhabitants. In turn, at Swietoszow, on the boundary between the Jelenia Gora and Zielona Gora voivodships, soils contaminated by toxic chemicals exist in the vicinity of the local water intake. Similar damage exists at Bagicz.

The biggest oil-cleanup operation is expected for Stara Kopernia in Zielona Gora Voivodship (to cost about 390 billion old zlotys) and Krzywa in Legnica Voivodship (to cost about 600 billion old zlotys), as well as for Raszowka, also in Legnica Voivodship (to cost more than 200 billion old zlotys). Altogether, about 406 hectares in these areas are contaminated or ruined by petroleum derivatives. Aquifers on an area of altogether about 6,500 hectares have been declared unfit for drinking and other uses. The chromium content of the aquifers in some places was as much as 600 times higher than the permissible level; that of lead, 310 times higher; and that of mercury, more than 40 times higher.

Nearly 100 hectares are occupied by no longer usable waste dump sites. Toxic and noxious chemicals have destroyed about 22 hectares of soil and nearly 20 hectares of surface water reservoirs. The list of destruction also includes the soil-and-plant layer on an area of more than 15,000 hectares as well as forested land aggregating more than 38,000 hectares.

According to Engineer Zbigniew Kamienski, who on behalf of the State Inspectorate of Environmental Protection directed the team preparing the final report, "Identification and Assessment of the Ecological Damage Caused by the Troops of the Russian Federation stationed in Poland," none of the facilities examined by the Inspectorate was contaminated by combat chemicals. No radioactive contamination was found either.

However, environmental inspectors warn that dramatic surprises are possible. That is because at Borne Sulinowo and Swietoszow there are high-risk areas of occurrence of chemical contamination. But this requires additional detailed studies. These used to be areas of intensive antichemical warfare exercises, with open-air chemicals depots located on them. Another potential danger continues to be the ammunition duds, which can be found also outside the firing ranges.

All the ponds, water holes, and lakes in the areas on which Soviet troops were stationed are viewed nowadays as reservoirs of water unsuitable for any use. Their surface area slightly exceeds 17 hectares and, according to the Inspectorate, "This damage is of limited value." However, that does not include Pile Lake, which measures more than 1,000 hectares in area and adjoins Borne Sulinowo from the north. A mystery that has yet to be solved is the periodic appearance of phenols and mercury in that lake. Will that the last secret and last discovery of what the Red Army has left behind? Who knows if the recultivation might not reveal that the destruction following 50 years of the stationing of foreign troops is much greater than the current estimate of more than 52 trillion old zlotys?

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Foreign Trade Sector Privatization Grows in '95

95EP0098A Warsaw RYNKI ZAGRANICZNE in Polish No 40, 4 Apr 95 p 8

[Article by B.T.: "Privatization of the Foreign Trade Sector, Close to the Finish"]

[FBIS Translated Text] *The process of ownership transformations in the foreign trade sector, which has been underway since 1990, will continue this year. Privatization processes in foreign trade establishments should now give a stimulus for the emergence of internationally competitive commercial-industrial-manufacturing organizations out of the existing units.*

Capital-based privatization of a set of four to six companies, which includes Agromet-Motoimport, Inter-Vis, Centrozap, and Impexmetal, should begin this year. It is assumed that proceeds from capital-based privatization of foreign trade establishments will come to about 500 billion old zlotys.

Several establishments will be privatized directly. The Ministry of Foreign Economic Cooperation is putting up for sale establishments such as Polservice, C. Hartwig-Szczecin, and perhaps two others. In this instance, employees who will pay for the value of the assets taken over out of the profits generated want to manage the property of companies in the leasing format. Direct privatization may yield about 24 billion zlotys for the state treasury.

Restructuring and organizational-financial measures in preparation for privatization proper of such companies as Ciech, Minex, Polimex-Cekop, Metalexport, and Metronex will also be initiated in 1995. However, the process of preparing to sell stock is still at an early stage.

Finally, liquidation and bankruptcy which began in previous years will continue this year. Polexpo, Polcargo, Dynamo, Timex, and Marko are being liquidated at present. Two companies, Hartwig-Gdynia and Baltona, will pursue a reorganization coordinated with banks.

If the rehabilitation and restructuring programs of companies whose financial standing is poor fail, they will be put into liquidation or bankruptcy on the basis of the Law on State Enterprises, the Commercial Code, and the Bankruptcy Law.

Twenty-eight foreign trade establishments have been privatized since 1990. Proceeds of the state treasury from the capital-based privatization of companies transformed within the framework of owner supervision by the Ministry of Foreign Economic Cooperation have come to 729.5 billion zlotys, and those from direct privatization to 14.2 billion zlotys.

U.S. Leads in Total Foreign Investment

95EP0101A Warsaw RYNKI ZAGRANICZNE in Polish No 44, 13 Apr 95 p 6

[Article by Waldemar Mickiewicz under the rubric "Cooperation": "Foreign Investment in Poland. U.S. Capital Leads"]

[FBIS Translated Excerpt] *U.S. capital has stock or interest in about 16 percent of enterprises with the participation of foreign capital registered in Poland since 1989. Since then entrepreneurs from the United States have invested about $1.8 billion in our country. Fifty-three companies are among the largest investors, i.e. those which committed at least $1 million at once. Their outlays come to $1,458 million. In addition, these companies made investment commitments for $1,580 million.*

Therefore, we can say that in the next two to three years high rates of growth of American investment in Poland should continue.

Americans vs. Other Large Investors

The group of 270 foreign companies which have invested the most includes 53 enterprises from the United States and 53 from Germany. However, the combined outlays incurred and investment commitments made by American companies exceed the investments and commitments of the largest German enterprises operating in our country by a factor of more than four.

Data from the State Foreign Investment Agency suggests that, as of the end of January 1995, the largest investors from the United States have contributed (or undertaken to invest) more than $3.04 billion, whereas the number for German investors is $0.79 billion. This amount currently puts the German companies third on the list of highest investors in Poland. In addition to the United States, Germany is outstripped by multinational corporations; their investment and commitments combined come to $1.02 billion.

Outlays made by enterprises from the United States account for as much as 33.1 percent of all foreign investment and 31.1 percent of all investment commitments made by foreign enterprises in the group of the largest foreign companies investing in Poland. Enterprises from the United States account for almost 20 percent of all companies which have invested at least $1 million at once in our country. It is also characteristic that there are as many as five American companies among the 10 foreign enterprises which have made the largest investments in our country. Besides, these are major companies in the United States, such as, for example, Coca-Cola, IPC, and Procter and Gamble.

Sectors and Regions in Poland That Attract Investors From the United States

According to data from the American Chamber of Commerce for last year, American companies have invested in more than 50 economic activities in Poland. For example, 11 companies have invested in the sector of computer services; 10 in the banking sector; nine in areas associated with energy; eight in transportation; seven in food processing; seven in real estate trading. It is interesting that sectors such as accounting, in which seven companies invested, also attracted the attention of

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American investors, along with legal services (six companies) and advertising services (as many as nine enterprises).

U.S. capital outlays are concentrated in the most developed areas which, as a rule, are able to promote their economic potential the best. Thus, the greatest number of U.S. companies came to the Warsaw area, followed by Krakow and Lower and Upper Silesia. A certain proportion of major investors opted for Great Poland or the coast. So far, the Bialystok area, which has two major investment projects, and Rzeszow, where Gerber has located, enjoy less interest. There is very little interest in the east-central area.

Areas preferred by Americans are also of interest to other investors. This is due to the already mentioned better promotion of these well-developed, richer regions, as well as such advantages as their good communication with the world, transportation links, and the existence of extensive research facilities.

Prospects Seen by American Specialists

In recommending investment in Poland, the American Chamber of Commerce stresses the following economic advantages of our country: a favorable geographic situation which is essential in particular for companies planning to expand still further to the east; a relatively large market (the largest in East Central Europe) with 40 million consumers; large quantities of inexpensive yet skilled labor; ethnic homogeneity which rules out ethnic conflicts; undisputed borders which guarantee geopolitical stability; the ability of the economy to develop rapidly, as shown by the high rate of GDP growth in recent years.

The presentation of sectors which merit interest by the American Chamber of Commerce is interesting. For example, they see great prospects for investment in the frozen food industry and industry manufacturing air conditioning equipment: The size of the market was estimated to be $200 million in 1993, and growth prospects—40 percent before the end of 1995. For the production of packaging and food processing equipment, the size of the market was estimated to be $500 million in 1993, and prospects—8 percent annual growth rate before the end of 1995. For computers and software, the market in 1993 was estimated to be $415 million and the rate of growth was put at 30 percent annually until the end of 1995.

Specialists from the American Chamber of Commerce move on to recommend to U.S. entrepreneurs in Poland sectors such as the production of automotive parts, electronic communications accessories, household items, sports equipment, and medical equipment. The study in question also sees good prospects for investment in tourism, the chemical industry, electronics and electrical equipment, precision engineering, construction, and transportation.

As analyses and recommendations developed for U.S. investors by the American Chamber of Commerce suggest, there are many sectors in Poland in which prospects are good for foreign investment. An enumeration of these sectors indicates that they are primarily associated with a market of 40 million consumers. American investment projects actually undertaken are also associated with production for Polish consumers. It is possible to estimate that food processing accounts for 25-30 percent of all American investment. The largest investors from the United States operate in this sector (e.g. Coca-Cola, Epstein, PepsiCo, Gerber, CPC International, Basic American Foods, Chicago/Europe Partners, Leaf Group, and many other companies).

Polish industries producing other consumer goods absorbed another 15-20 percent of outlays made by American investors. Seventeen percent of capital invested by U.S. companies in Poland went to the paper industry. The banking and financial sector attracted another 15 percent of investment; in total, Americans invested just over 16 percent of all their investment in Poland in construction, machine building, and telecommunications. [passage omitted; table omitted]

Statoil, Polish Oil Company Partnership Viewed

95EP0074B Warsaw RYNKI ZAGRANICZNE in Polish No 23, 23 Feb 95 p 6

[Article by B.T.: "Potential Partners of the Polish Oil Company. Statoil, or the 100th Station Is the Charm"]

[FBIS Translated Text] *The restructuring and privatization of the oil sector in Poland will not be possible without the participation of Polish capital. Potential foreign partners are already operating on the Polish market, they are making observations, taking a look at economic processes, and laying a foundation for future actions.*

Statoil, a large Scandinavian international concern, has been operating in Poland since 1992. It has opened an office in Warsaw and set up the Statoil Poland company. So far, Statoil has focused on building gas stations. As of now, there are seven of them, but the board headed by General Director Soren Baltzer Nielsen project that the chain will have from 50 to as many as 100 gas stations within four to five years.

Statoil Poland has been concentrating its operations in northwestern and central Poland. These regions have been selected in view of proximity to the Scandinavian market and oil and natural gas resources of the North Sea owned by the concern. As of now, Statoil Poland does not yet have its own fuel depot or an infrastructure supporting fuel distribution. Such equipment and facilities are currently leased; however, this arrangement may change once the structure of the Polish oil sector ultimately takes shape. At its stations, the company offers motor fuels that are either imported or produced at Polish refineries. The quality of sold products is considered very significant; therefore, the quality of all fuels is tested at all stages of distribution.

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At present, Statoil Poland has about 100 employees, 90 percent of whom are Polish. The development of a chain of gas stations will cause about 1,200 new jobs to appear within a short period of time. The company's total share of the Polish market has been small so far. However, its plans are very ambitious as shown by continuously offered training courses for personnel, if nothing else. So far, the company has invested up to $10 million in Poland (the cost of building one gas station with a full set of retail and service facilities comes to $1 million). Statoil builds new facilities from the ground up on parcels purchased by the company, or takes over existing stations and upgrades them. In the opinion of the company's head, Soren Baltzer Nielsen, who previously represented the concern in the eastern section of Germany where 15 Statoil stations were established, there are more complex legal and ownership problems involved in buying land for new investment projects in Poland. The company would like state and private entities to be treated the same way in the process of restructuring in the Polish oil sector.

The Statoil concern which operates in 21 countries and has over 200 gas stations has two refineries in Norway. It also engages in oil and gas production on the North Sea shelf. It operates 31 tankers and also owns an undersea gas pipeline from Sleipner and Ekofisk platforms to Zeebrugge in Belgium which is the longest in the world at 813 kilometers. The concern is carrying out the 30-year Troll contract for the delivery of gas to France, the Netherlands, Austria, and Spain which is the largest contract in history. It should be noted that the concern also delivers oil with a low sulfur content to Poland through the Import-Export Center for Chemicals. In 1992, these deliveries came to 1.5 million metric tons, in 1993—1.7 million metric tons, and in 1994—likewise 1.7 million metric tons. The Gdansk and Plock refineries have been the main customers.

In total, deliveries from Norway meet about 10 percent of Polish needs for imports. Statoil is one of the few foreign companies to have obtained a license to deliver liquid fuel to Poland in 1995. Deliveries of natural gas are also possible.

Prague, Budapest Securities Markets Compared

95EP0088B Warsaw POLITYKA (Privatization supplement) in Polish No 13, 1 Apr 95 p III

[Article by Krzysztof Maciejewski: "Prague, Budapest: Tough Going for Others, Too"]

[FBIS Translated Text] The bull market in Warsaw began in the spring of 1993 and continued until mid-March 1994. The index of the Czech exchange PX-50 also registered a 60-percent growth between the end of 1993 and the end of February 1994. However, the indicator registering the level of quotations of the 30 largest companies fell from 3,800 points to 1,500 points (December 1994). Subsequent comparisons of the indexes of East European exchanges were not favorable for Poland. In January and February 1994, the indicator in Warsaw fell by 20 percent, in Prague—by 15.7 percent, but in Budapest it grew by 18.6 percent. When the bears arrived on the Warsaw market in the spring of 1994 some of the Polish investors were testing the waters precisely in Budapest and Prague.

Players on almost all exotic exchanges suffered great losses due to declining quotations in early 1994. Istanbul topped the list of losers; the index there fell by 69 percent. The losses of investors from Shanghai and Hong Kong were smaller but likewise painful—one-third of the invested capital on the average. At the same time (in March) the Italian stocks capitalized on the electoral victory of Silvio Berlusconi. The index of the Milan exchange went up 38 percent.

However, the influence of politics on the stock markets differs in individual countries. The electoral victory of the Hungarian Socialist Party in May 1994 did not cause a tragedy at the Budapest exchange. The quotation stabilized the week before the election and subsequently began to fall slightly. A different situation was registered in Poland in September 1993 when the SLD [Alliance of the Democratic Left] came out on top in a parliamentary election. Within one week of the announcement of preliminary results concerning the victory of "postcommunists," the WIG [Warsaw Exchange Index] lost about 14 percent, or almost 1,000 points.

Between 10 May and 10 June 1994, the BSE Hungarian index fell from 1,630 to 1,470 points. Even at the beginning of July it fluctuated around 1,440 points, but one month later it shot up, reaching 1,679.5 points in the second half of August. The Warsaw Stock Exchange also registered a growth in the WIG value to about 12,500 points from the lowest point to date—7,215 points registered in mid-June. In the spring of last year the Prague PX 50 index was hovering around 725 points. However, the upward trend came to this exchange, too. At the beginning of September, the index of the Czech market drew close to 1,000 points but it topped out there.

On 19 September 1994, the Prague exchange introduced daily trading, and possible fluctuations of quotations were reduced from 10 to 5 percent. These changes were accompanied by a drop in the PX 50 index: On 21 September it came to 720 points, on 19 October it was already in the vicinity of 650 points, and on 11 November an intense downward trend pushed it down to about 500 points. Yet another drop in the index to the level of about 541 points, which was registered toward the end of January 1995, resulted from several weeks of fluctuations. The trends improved for a short while, and in March PX 50 hit a new low at the level of 430 points. In January 1995, the Warsaw WIG lost 17.7 percent, just as in January 1994.

Hungary was the first one to begin its capital market adventure. As many as about 40 companies are already quoted on the Budapest Securities Exchange "BET,"

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which was established in June 1990. The exchange also trades in state bonds, treasury bills, and investment fund stocks. According to data from the end of 1994, the capitalization of the stock alone came to about $1.6 billion.

On the Prague floor, which has been in operation only since April 1993, about 900 companies are quoted but only one-third of the paper is traded. Transactions involving other papers are concluded outside of the exchange and at prices which are not even known. The registered weekly sales come to $70 million to $80 million, whereas in Warsaw they reach about $200 million. The combined capitalization of the Warsaw GPW and the Budapest BET comes to about $4.6 billion, while in Prague this value comes to $10 billion.

The downward trend on the Polish and Hungarian market is currently so pronounced that the quotations of stocks listed there are lowest in over a year. Upward movements in prices are short-lived and do not offer hope for a decisive improvement in the position of investors. All exchanges have problems as a result of the collapse in Mexico. However, Western analysts point out that the Polish market has the best potential for a prompt pickup. This is the result of getting the budget deficit under control, restructuring the foreign debt, and seeing the gross domestic product grow by 5 percent last year.

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Critique of Implementation of Washington Agreement

95BA0218D Split BIH EKSKLUZIV in Serbo-Croatian 31 Mar 95 p 1

[Article by Ergin Hadziosmanovic: "Cards on the Table!"]

[FBIS Translated Text] It would be much better if the political leaders of their peoples demonstrated their willingness to implement the Federation in Mostar, Bugojno, Vares, or Stolac than in Washington, where the anniversary of the community that has not come to life was celebrated. If there is no full willingness and wisdom, and a sincere desire to turn the signed papers into deeds, then Bosnian Muslims and Croats will once again find themselves on the brink of an even greater catastrophe than the one imposed upon them by Greater Serbian aggression.

Not too long ago, Federation of Bosnia-Herzegovina President Kresimir Zubak warned about "scoundrels in our own ranks," stating in Mostar that there were many people who, in implementing the federal concept, "signaled right but turned left." Unfortunately, a year after the Washington Agreement was signed, there are more and more such drivers, and while people cannot return to Bugojno, Vares, Stolac, or Capljina even though their homes are there, a parade was held in Washington and congratulations were exchanged on how well things were going with the Federation. That kind of show, which the Americans needed in order to emphasize their undisputed role, perhaps should have been arranged in Mostar, where almost no effect of the Federation is felt, except for the ceasefire.

Perhaps on the scene, U.S. President Clinton would best see how much has been done (or not done), and probably take up firmly the reins that he himself grabbed. The Americans, as the most significant sponsors of the Federation, also have to assume responsibility for its success, even at the cost of criticizing either side when it verbally supports the Federation but does not do anything to bring it to life.

The Masks Fall Off

The time for masks and fine sounding statements is behind us, and something has to be done in the field. Actually, the concept of the Federation has to assume specific form first of all through returning people to their own homes, in the formation of a joint army and police force, in unification of the economic and political systems—to put it simply, in all the attributes that make a state a state. Above all, one has to think about the hundreds of thousands of people wandering around Europe and the world, seeking a sky that will suit them, while constantly thinking that the only one that can warm them is Bosnia-Herzegovina's.

It is a time for acting and showing one's real intentions. A full year is too long a period to justify constant postponement of what has been agreed upon. The continuous accumulation of papers upon papers does not lead to anything, but only weakens federal ties and shows the world the partners' inability to find a common language on their own under their sponsorship. Politics is the art of the possible, and consequently it is necessary to do what can be done at this time, and there are a whole lot of possibilities. First of all, one should throw on the table the cards that one really wants to bet on, and shake out some hidden trump cards from one's sleeves that are always held back as backup options. History will not wait indefinitely for one more big chance to be wasted in fruitless discussions and hairsplitting and mutual accusations. It will condemn those who are holding back the Federation, the only concept that can guarantee the peace and survival of Bosnia-Herzegovina.

Both Zagreb and Sarajevo must openly state their ultimate intentions regarding the Federation, what they intend to do, and when. Time is inexorably passing, and with its passage there are fewer and fewer possibilities. A few days ago Federation Vice President Ejup Ganic stated that the international community and our friends were preparing a sort of "software for the Federation," as he called it, that would show who was who and who was responsible for what. Our friends should be praised for their support, but no one in the world can settle relationships in Bosnia-Herzegovina if the Bosnian Muslims and Croats do not do it themselves. All those who are responsible for implementing what was agreed upon must be aware of that.

And while the agreements are taking place, the Greater Serbian dragon is spreading its claws and threatening to grab even what is left of Bosnia-Herzegovina's healthy tissue. People are abandoning their Bosnia-Herzegovina, seeking better prospects and a better life. When there are no people who will live in it, then we will not need a Federation either. Consequently, it is necessary to preserve the people in order for the state to have a chance to survive. Without people it will certainly not exist.

Too Many Lies

People want to know what country they will live in, whether they will feel safe regardless of their ethnic or religious identity, and they want guarantees of normal life and work. Unfortunately, at this time no one is offering them a prospect for which they themselves would die, if necessary, in order for their children to live better and more happily. People do not want the exclusive national areas that are gradually being created, but rather a state modeled after other European and world ones.

There has already been too much insincerity, and lies have become an integral part of politics. We have to put an end to them, because the people can be led into an even greater catastrophe than the one imposed upon them by the Greater Serbian aggression. Bosnia-Herzegovina can and must survive only as a community of equal peoples, and until that is achieved there will be

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no prospects. First, however, the leaders and petty leaders who started an unnecessary war with each other for the sake of their own narrow interests and goals must be removed from the political scene. The creators of the war cannot be the creators of coexistence. We have probably been aware of that for a long time.

Spring is coming to Bosnia, along with great hopes and anxieties. Weapons are already thundering on almost all the fronts, and togetherness is more necessary now than ever before. A summation of what has been done so far in implementing the federal concept would show a meager result. Will this spring finally be the spring of the Federation?

Federation Progress Viewed as Moving Slowly

95BA0208G Ljubljana OSLOBODJENJE in Serbo-Croatian 23 Mar 95 p 4

[Article by S. Luckin: "Side by Side"]

[FBIS Translated Text] The disappearance of HVO [Croatian Defense Council] Major General Vlado Santic seemed to put a damper on all the euphoria with which the anniversary of the federation's creation was celebrated for two days in Washington. For the moment, it caused food to stick in the throats of the guests invited to the ceremonial lunch with the U. S. Department of State organized on the occasion of the first birthday.

And while Kresimir Zubak and Dr. Ejup Ganic manifested the will of the two nationalities to live in a joint state before about 300 important guests at the ceremonial banquet, a letter was sent from the office of the prime minister of that state to the Croatian prime minister in which he informed him that the local authorities in western Herzegovina had instituted the posting of a mandatory deposit on all goods imported into or exported out of Bosnia-Herzegovina.

And just a week earlier an agreement had been signed in Bonn to speed up implementation of the Federation's Constitution. The initials on that agreement had not even properly dried when Kresimir Zubak, one of the signatories, announced that it would be difficult for him to meet the agreed deadlines.

A few days ago, a similar assessment was expressed by Mirsad Ceman, general secretary of the SDA [Democratic Action Party]. He also believes that the deadlines are "tight," and he went on to explain that the dates for establishment of the various segments of authority within the federation resulted more from the pressure of the German Foreign Office than from the actual situation in Bosnia-Herzegovina.

Exchange of Correspondence

Let us return briefly to the "Santic case." It was also an occasion for correspondence between the HDZ [Croatian Democratic Union] and the SDA. Dario Kordic, HDZ president, first reacted sharply, addressing a letter even to Alija Izetbegovic, but referring to him exclusively as president of the SDA. The response, again made public, was not long in coming. The SDA rejected any association whatsoever with the disappearance of the major general from Bihac.

The culmination of the correspondence was the announcement of the Presidential Council of Herceg-Bosna. In addition to seeking international arbitration in solving the "Santic case," against the case of a continued withholding of information, the council also took up the "possibility of possible countermeasures," the press release from Mostar stated.

So, not encouraging at all. The harsh words which the partners in Bosnia-Herzegovina exchanged hardly fitted into the efforts of international diplomacy to finally get the Federation on its feet. After all, Warren Christopher, U.S. secretary of state, was announcing the newly established group "Friends of the Federation" along with the $30 million which his country will appropriate for the Federation. Those friends are also to become involved in financing the partnership between the Bosnian Muslims and Croats.

Everything we have written up to now is unfortunately the way it is in the federation a year after its birth. When in March of last year Tudjman and Izetbegovic were putting their signatures to the Washington Agreement, people could not or did not want to see, given the excessive euphoria at the time, that those who had been adversaries until the day before sat down at the same table mainly because of the pressure from the United States. Except that the contented smile of Bill Clinton strongly suggested that conclusion.

And later, whenever a crisis occurred in relations between the partners, that "international factor" always came to the rescue. Incidentally, one need only recall that all agreements of any significance between the leaders of the two nationalities were concluded outside the territory of Bosnia-Herzegovina. First there was Washington, then Vienna, Brussels, Zagreb, all the way to Bonn and again Washington.

To be sure, there have also been some significant results in this year that the federation has existed. The most essential thing is that there have no longer been conflicts between the "two nationalities which had never warred with one another," as many deputies declaimed in the first meeting of the Constitutional Assembly. Nor is it unimportant that one can travel from Doljani to Tuzla, that goods are traveling on the roads, that people are living better....

But the barricades are still standing at the crossings from territories controlled by the HVO to areas of the Army of Bosnia-Herzegovina. Permits are required for people to cross from one free part of Bosnia-Herzegovina to the other. Within those areas separated by barricades, there are always two different systems of government—the

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one called "Herceg-Bosna" and the legal, internationally recognized one of the Republic of Bosnia-Herzegovina.

Mirror

Of course, this is also a mirror of the Federation today. Just as it is a fact that its president, Kresimir Zubak, spends more time performing the duties of his office as president of "Herceg-Bosna" than he spends in Sarajevo, which is where his office is officially located. And it is also a fact that there are few people in Bosnia-Herzegovina who are clear about when the Government of Bosnia-Herzegovina, made up of the same ministers, is acting as the Republic Government and when it is acting as the Federal Government.

One thing this past year was spent on was creation of three cantons, but there are supposed to be eight of them in the federation. As a matter of arithmetic, not even half of the job has been done. Other projects which *in toto* were supposed to constitute the Federation have also come to a halt somewhere in the middle. It is sufficient to recall that we have waited for half a year now for creation of the federal police and customs service. In principle, both sides are in favor of creating them, but at Doljani in particular police are still standing at the crossing with the insignia of "Herceg-Bosna" on their shoulder. The height of these absurdities, although from the political standpoint it seems the least important, is that the athletes on both sides of the barricade cannot get together on the same team to represent Bosnia-Herzegovina in international competition. And the rule for athletes is the joint state in which Croats and Bosnian Muslims live side by side.

But that is also the Federation. Today, its officials are saying that the joint state of Bosnian Muslims and Croats is on an ascending trajectory. But as a rule assessments of that kind have been uttered after every meeting held under the sponsorship of international diplomacy.

Fikret Abdic Drifts Further From Sarajevo

95BA0224B Belgrade BORBA in Serbo-Croatian 7 Apr 95 p 4

[Unattributed article: "Western Bosnia a Republic"]

[FBIS Translated Text] Velika Kladusa—The key to resolving the crisis in the former Bosnia-Herzegovina is in Western Bosnia [ZB], Fikret Abdic, president of Western Bosnia, told TANJUG yesterday.

According to Abdic, the Srpska republic and the Croatian republic of Herceg-Bosna, Western Bosnia, and the rest of Bosnia should take part in resolving the crisis in the former Bosnia-Herzegovina.

"We believe that it will be easy for the Srpska republic, Herceg-Bosna, and Western Bosnia to agree, and that Western Bosnia should find a solution with 'the rest of Bosnia.'

"That is why it is important that ZB have the constitutional form of a republic, rather than a province, because the term 'province' would imply that we have ties to Alija's government, which is no longer the case, because ZB is solving its problems completely independently," ZB president Fikret Abdic emphasized.

"We have done a great deal to explain our idea and our option, afterward we defended it for a long time with weapons, and since 16 November we have been at war, so that objectively we can no longer talk as we talked earlier," Abdic said.

Abdic expects that the international community will respect the situation on the ground and recognize ZB as an important factor in the negotiations, because "we have now been fighting in the field for 20 months, and it is evident that we are right."

Croats, Muslims Argue Over War Crimes

95BA0224A Belgrade BORBA in Serbo-Croatian 7 Apr 95 p 4

[Article by N.K.: "Who Is Going To Take Whom to The Hague"]

[FBIS Translated Text] Trebinje—The Croatian people from the former Bosnia-Herzegovina are waging a just struggle for their state and will not allow anyone to deliver up Croatian fighters as criminals, said the commentator on the Croatian radio of Herceg-Bosna concerning the report that in a meeting of the government of the Muslim-Croatian Federation (on Tuesday) adoption of a law had been proposed that would make it possible to remand to the International Court in The Hague war criminals from the former Bosnia-Herzegovina who had fought in the ranks of the Croatian Defense Council [HVO].

Assessing this proposal to be a sinister game of the Muslim side involving the highest officials in the ranks of the Muslims, the comment warned that the Muslim side would have to be concerned because of its own sins and atrocities, which, it said, had certainly occurred in Doljani, Bugojno, Fojnica, and Zepce before the eyes of the domestic and world public.

"The Muslims are trying once again to appropriate creation of the state for themselves, representing themselves as the victim to assure the world that the Serbs and Croats are the aggressors," said the commentator on Croatian radio of Herceg-Bosna, concluding that a federation is not built that way, nor is confidence restored between the two peoples.

At the same time, Muslim Radio Sarajevo reported that the same meeting was walked out of by ministers and members of the government of Croatian nationality. Muslim radio did not give the reasons for these actions by representatives of Bosnian Croats.

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Recruitment Begun of Croats for 5th Corps

95BA0218C Split SLOBODNA DALMACIJA in Serbo-Croatian 29 Mar 95 p 6

[Article by M. Pavicevic: "They Are Enlisting Croats Into the Fifth Corps!"]

[FBIS Translated Text] After General Santic's disappearance, one more blow to Bihac's HVO [Croatian Defense Council].

Bihac—Five days ago, the most forward Croatian position on the Bihac battlefield fell! Prsine Uvale was the Bihac defenders' closest point to the TV transmitter on Pljesevica, which is held by the Serbs. That was already the third incursion by the chetniks into Prsine Uvale since the beginning of the war. Strategically very vital, Prsina Uvale was occupied by the Serbs back in April 1992, and was then liberated by HVO soldiers toward the end of the same year. Then, in severe chetnik assaults against the Croatian villages near Bihac last November, it was occupied again for the second time, and then liberated again along with several other Croatian villages after Gen. Vlado Santic came to Bihac again.

The fall of Prsine Uvale was directly caused by the sending of barely mobilized military conscripts from the Prekounje local community, some of whom were 60 years old, precisely to that most forward position of the 5th Corps and the HVO near Pljesivica and on Bosnia-Herzegovina's border with Croatia. To make things clearer, the positions at Prsine Uvale were once defended against the chetniks by members of the Bihac HVO's special elite units. Among the people sent to that area there were also some Croats, mobilized for units of the 5th Corps of the Bosnia-Herzegovina Army; that has never been the case in the past, because all the Croats in the Bihac region previously fulfilled their military obligation as part of the Bihac HVO, unless someone, by his own will, wanted to fight in the 5th Corps units. It seems that with the disappearance of Gen. Vlado Santic several things have changed with respect to the 5th Corps' attitude toward the Bihac HVO.

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Valentic Satisfied With Economic Results

95BA0220E Zagreb VJESNIK in Serbo-Croatian 5 Apr 95 p 2

[Article by the Croatian News and Information Agency: "A Firm Budget and a Stable Kuna"]

[FBIS Translated Text] Zagreb—"For all the criticism of its work up to this point, the Croatian Government has had the support of all factors in the Republic, and we can be satisfied with what has been achieved. But implementing the second phase of the stabilization program is much more important than what has been achieved up to now," Prime Minister Nikica Valentic judged Tuesday evening on the program of Croatian Television [HTV] "The Big Picture." That program, on which the prime minister was joined by deputy prime ministers Borislav Skegro, Dr. Jure Radic, Dr. Mate Granic, and Dr. Ivica Kostovic, was occasioned by the second anniversary of the government headed by Prime Minister Nikica Valentic.

The prime minister announced that the Croatian Government is preparing a package of measures for no later than the April session of the Croatian Parliament. The government is preparing five or six key laws, among them the bill on privatization, the bill on the sale of certain property, and then the bill on investment funds and securities. The prime minister announced that the bill on labor would also be brought up in the April session of the Croatian Parliament, which he said would be a "key" session.

"We are going to make a sharp and radical incision that will bring about order in enterprises and banks which are unable to operate according to market principles," Valentic said. A firm budget, he added, is the foundation of gove ment policy, and the government will not allow it to be breached. "Unless we stick to the firm budget and stable currency, there will be no drop in prices, nor growth of investments," Valentic emphasized. He also said that the government will do everything to keep wages and salaries from dropping, but he added that if the present level of wages and salaries results in inflation, the government would then certainly decide on a reduction.

No Big Changes in the Government

Speaking about the work of the government, the prime minister said that there will be no major changes in the Croatian Government. At the same time, he praised the ministers who had left the government, emphasizing that this is exacting work that requires psychophysical conditioning, and it is no wonder that some people cannot keep it up.

Valentic said that during these two years his government had also been characterized by unity, and that decisions had been made by majority vote only a few times.

"Croatia is today politically, diplomatically, and militarily stronger than it was two years ago, and Resolution 981 has given it a strong political framework for negotiations," said Dr. Mate Granic, Croatian foreign minister and deputy prime minister. Granic called implementation of Resolution 981 most important, especially monitoring Croatian borders and bringing about conditions for peaceful reintegration of the occupied areas of Croatia and the return of the displaced persons.

"For all the difficulties and the humanitarian crisis, which still persists, Croatia is caring for more than 360,000 displaced persons and refugees, who are being given housing, food, and health care," said Dr. Ivica Kostovic, deputy prime minister, adding that for all the difficulties the Croatian Government has managed to achieve social peace in the state over the past two years.

No One Out in the Street

Deputy Prime Minister Jure Radic places priority on the country's development, which includes the rebuilding of demolished housing. Radic said that the government is preparing a broad program for reconstruction, including the rebuilding of houses for the return of 41,000 people.

Expressing the judgment that even more could have been done, Deputy Prime Minister Borislav Skegro said that he personally did not anticipate such good results by the Croatian Government in the past two years. Speaking about the restructuring of economic entities which are unable to operate according to the rules of the market, Skegro said that a surplus of workers will be a consequence of that process. But, he added, "the government will guarantee through its programs that none of those workers is left out in the street." Emphasizing that the government is building the legal framework for a sound market economy, Skegro issued an appeal that people not wait for the government to do everything, but that they try to work out programs at the local level that will be beneficial to all.

Ministry's Reaction to Istria Terrorist Attack

95BA0220D Zagreb VJESNIK in Serbo-Croatian 5 Apr 95 p 4

[Article by Mirko Urosevic: "The Explosion in Nedescina—Motive Was Money"]

[FBIS Translated Text] Pula—"We will strengthen the Police Administration in Pula with new officials and stand in the way of all those who want to threaten the security situation in Istria. In that context, we have brought in new people to key positions in order to achieve greater effectiveness, and we have just made this known to Luciano Delbianco, zupan of Istria. As for the explosion in Nedescina, it actually resulted from a settlement of accounts between two interested groups, and the principal motivation was money. There are no political motives whatsoever, and in a few days we will be publishing the names of the perpetrators, and we are closing in on them now."

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This was in part what Ivan Jarnjak, minister of internal affairs, said on Tuesday to journalists in Pula, adding that his visit to Pula and Istria is part of the activities related to the Turs '95 action, which calls for visiting all police administrations on the eve of the upcoming tourist season. Marijan Benko, his assistant for the criminalist police, provided additional information at the same meeting about investigatory actions related to the bombing of the Social Center in Nedescina. The reader will recall that that bombing caused property damage estimated at more than 1 million German marks [DM] and created an uncomfortable situation in the Istrian public.

Minister Jarnjak reported that there have been two personnel changes in the Pula Police Administration. Branko Puljizevic, who up to now has been deputy chief of the Police Administration, has retired, and Anto Prgomet, deputy chief of the Osijek Police Administration, has been installed in his place. Veljko Zenzerovic, who up to now has headed a police office in the Pula Police Administration, is leaving for a new position, and his place has been taken by Marijan Grudic, who is coming from the Police Administration in Ludbreg.

Marijan Benko reported that immediately after the explosion in Nedescina the most highly competent specialized teams and operating equipment were organized, that the military police became involved along with the criminalist police and the agency for protection of the constitutional order and the judiciary. In a few days, when all the steps have been taken, the police will publish the names and submit charges to the state's attorney in Pula. "We are on the trail of the perpetrators of several other similar events, especially in the immediate area of Labin, and we will be turning them over to the state's attorney," Marijan Benko said.

The answer given to one of the questions is that there has been no terrorism imported up to now either in Istria or in other parts of Croatia, but that all the perpetrators of crimes in that area have been committed by citizens of the Republic of Croatia. Asked about the demolition of monuments, especially of the monument to the antifascist fighters in Istria, the participants in the conversation replied that in the last five years there have been 61 cases of monuments being damaged or destroyed, and that in all of that only "Croatian Bird" was demolished by an explosive. All the rest was part of an epidemic that has seized Croatia and in which minors and sick people have also been taking part. As far as the explosion in Nedescina is concerned, Minister Jarnjak commented on the discomfort of the chief of that opcina by saying that this case cannot be given greater importance than the others, because for the police this is one of the explosions that have been set off, and it should be processed just like the others, and the perpetrators detected.

Storage Site for Radioactive Waste Causes Stir

95BA0220B Zagreb VJESNIK in Serbo-Croatian 6 Apr 95 p 3

[Article by Zeljko Buksa: "Who Is Inventing the Radioactive Waste?"]

[FBIS Translated Text] Just when relations between Croatia and Slovenia had begun to improve, and some of the longstanding intergovernmental problems were approaching solution, a new problem has arisen. We are referring to rumors about the dumping of radioactive waste, which quickly aroused the public on both sides of the border.

To be specific, a rumor started in the village Sasa in the Croatian Zagorje that someone intended to dump radioactive waste from the Krsko Nuclear Power Plant in a closed bentonite mine which is located nearby and belongs to INA-Petrochemical. A few days later another rumor was started that the abandoned clay pit Luka Poljanska in Zagorska Sela Opcina was being planned for the same purpose.

Because those sites are almost on the border and a few hundred meters from one of the best known Slovenian tourist centers, Atomske Toplice in Podcetrtek, it is no wonder that after these reports appeared in the Croatian press they aroused rather fierce reactions in neighboring Slovenian towns. For example, Marjan Drofenik, president of Podcetrtek Opcina, said that the population there certainly would not allow the dumping of radioactive waste almost on the border, because that would represent an obstacle to development of tourism. There were other similar warnings, and the temperature of the public discourse rose rapidly.

The unconfirmed rumors all but caused a new intergovernmental dispute, which could have spoiled the promised resolution of current problems. What is more, hardly anyone was concerned about the fact that the rumors were based on very shaky foundations. That is, it all started with the report that the mine had been closed temporarily, and a steel door and high fence were set up at its entrance. That seems to be enough for people with a rich imagination to quickly fabricate the rest of the story.

In doing so, they took no notice of the explanations of experts of INA-Petrochemical in Kutina, who said that the mine was being closed temporarily because losing part of their market had forced them to cut back production and that the rumors about supposed dumping of radioactive waste in their mine were inaccurate.

Because in Croatia the Zagreb Agency for Special Waste (APO) is responsible for finding the best locations for building a permanent disposal site for medium and low radioactive waste from the Krsko Nuclear Plant, we asked its director, Damir Subasic, M.A., whether there were any plans at all to build such a disposal site in the Croatian Zagorje.

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According to him, some 40 potential sites have so far been determined in central and eastern Croatia, but not one of them is in the Croatian Zagorje.

"To be specific, that part of Croatia was eliminated in the earlier phases of research because of the high population density," the APO director added. And inspections by the competent inspectorates have shown that there are no traces of radioactive waste in the mines whatsoever.

So, in the end the question is who had an interest in such rumors and in creating a panic? There are three possible answers. It is possible that it all started with people who are not interested in normalization of Croatian-Slovenian relations or with the population there who probably do not want the mines to be closed. But we also should not neglect the possibility that it all happened by accident because someone's abundance of imagination fell on fertile ground, given the healthy fear people have about radioactive waste. In any case, that waste, according to the assertions of our experts, is being dumped in numerous foreign states without any environmental problems for the nearby population.

Lorger Reelected Dalmatian Action President

95BA0220H Zagreb VJESNIK in Serbo-Croatian 4 Apr 95 p 7

[Article by Srdjan Kaic: "Two-Act Play With the Vice Presidents"]

[FBIS Translated Text] Split—Having accepted the report on her work and having voted by a large majority confidence in their president, Dr. Mira Ljubic Lorger, in a meeting on Sunday representatives of the regional party, Dalmatian Action [DA], from all over Dalmatia put a stop (temporarily?) to all the ferment in the party which has been taking place in recent days.

The Sunday meeting (assembly) of the DA concerning its program was anticipated with quite a bit of public interest, because it was preceded by a verbal conflict in which the most outspoken were the two vice presidents of the DA, Zoran Erceg and Davor Maricic. They reproached President Lorger for the manner (absolutist) and direction in which she has been leading the party, which in their opinion has resulted in the marginalization of the DA on the political scene of Dalmatia, and it has caused a large number of local party committees to die out or become passive.

The Sunday meeting on the program in Split was actually a play in two acts. In the first act, the two vice presidents, Erceg and Maricic, who were in the meantime suspended, repeated their views, emphasizing that they did this in a press conference just before the meeting, because they knew they would not be allowed to do so in the meeting. It turned out that they were right, because later, in the second act, they were even physically prevented from entering the hall in which the meeting took place. To be sure, by decision of a commission, Maricic was later allowed to take part in the proceedings of the assembly, but in the meantime he had left the scene. A second delegate, from Zadar, dissatisfied with the atmosphere and the way in which certain decisions were made, also departed in his wake immediately thereafter.

That overheated background determined to a large extent the course of the meeting, although it was clear that a majority of the delegates took the part of Dr. Mira Ljubic Lorger, and this was confirmed in the later voting.

The DA president gave particular emphasis in her report to the situation in Dalmatia, political and economic, emphasizing, on the one hand, her position that "we can be proud of what we have achieved in these difficult times," and, on the other, confidence that the DA has in its ranks "people who are creative enough to be able to present the party program in spite of the disinclination of the great majority of the media."

Olujic Nominated Chief Justice of Supreme Court

95BA0222C Rijeka NOVI LIST in Serbo-Croatian 5 Apr 95 p 2

[Announcement of the Public Relations Office of the Government of the Republic of Croatia: "Dr. Krunislav Olujic Nominated for Chief Justice of the Supreme Court"]

[FBIS Translated Text] The Government of the Republic of Croatia, in a meeting yesterday chaired by Nikica Valentic, adopted a decision to nominate Dr. Krunislav Olujic to the State Judicial Council for the office of chief justice of the Supreme Court of the Republic of Croatia.

Under that decision, the appointment proceedings will be conducted without advertising the vacancy and without the proceedings prescribed by Article 17 of the Law on the State Judicial Council.

This decision takes effect on the date of adoption.

Dr. Krunislav Olujic was born in 1952 in Derventa. In the 1992 election he was elected a deputy to the House of Representatives of the Croatian parliament. By decision of the House of Representatives of the parliament (29 December 1993), he was appointed state's attorney of the Republic of Croatia and a member of the State Judicial Council (28 June 1994). He was appointed to his present position of director of the National Security Office by decision of the president of the Republic on 12 October 1994.

Former Minister Crnic Views Judicial System

95BA0201C Zagreb GLOBUS in Serbo-Croatian 10 Mar 95 p 4

[Interview with former Minister of Justice Ivica Crnic by GLOBUS editor Roman Majetic; place and date not given: "'President of the Supreme Court Milan Vukovic

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and President of the State Judicial Council Ante Potrebica Rigged the Selection of the Supreme Court Judges!'"]

[FBIS Translated Text] On Friday, 3 March, Minister of Justice Ivica Crnic submitted his resignation to Prime Minister Nikica Valentic. The detailed explanation of the resignation that Ivica Crnic sent to all the public media, and that none of the state media published, stated that the minister of justice decided on this act after the recent appointment of 25 judges to the Supreme Court, all of whom were selected from Milan Vukovic's list, even though 63 candidates applied for the 37 vacant positions as judges. Among those candidates, particular public interest was aroused by the name of Ivica Crnic, who by applying for the competition for Supreme Court judges confirmed the increasingly more frequent speculations in the corridors about his leaving the government soon.

Although often in conflict with the HDZ [Croatian Democratic Community] policy toward the judicial system, Ivica Crnic held on for three full years in the government, first of all as a minister without portfolio during Franjo Greguric's term, then as minister of administration and justice in Hrvoje Sarinic's government, and finally heading the Ministry of Justice in Nikica Valentic's cabinet.

Although Nikica Valentic, after examining Ivica Crnic's letter, rejected his resignation and expressed full support for his struggle for a law-governed state, Crnic claims that his resignation is irrevocable, and moreover does not conceal his anger because at crucial moments the government, and its prime minister, did not offer him sufficient support: "The serious state of the judicial system was very rarely discussed at government meetings. Prime Minister Nikica Valentic devoted himself primarily to solving economic problems, while several other factions in the ruling party dealt with the judicial system, through Vukovic and Potrebica."

[Majetic] At the beginning of this month, you submitted to Prime Minister Nikica Valentic your resignation as minister of justice; the conflict over the past several months in the Croatian judicial system thus reached its peak. The immediate occasion for your resignation was the controversial selection of 25 Supreme Court judges, all of whom were appointed from the list of Milan Vukovic, president of the VSRH [Supreme Court of the Republic of Croatia]. How do you therefore assess today's situation in the Croatian judicial system?

[Crnic] The situation in the judicial system is very serious, especially with respect to personnel. That is a problem that I persistently pointed out throughout my entire term, both at official meetings and in all my public appearances. The recent appointment of the Supreme Court judges was the last straw, and I, therefore, decided to try once more, through my resignation, to warn about the tragic state of the judicial system.

At this time Croatia is missing 27 percent of the judges; this is doing tremendous harm, not only to the state, but also primarily to the people who are seeking justice from the courts.

[Majetic] The recent lifetime appointment of the Supreme Court judges is only one of the issues over which you have had conflicts with Supreme Court President Milan Vukovic and President of the State Judicial Council [DSV] Ante Potrebica. You openly quarreled with them for the first time when the members of the DSV were chosen....

[Crnic] In contrast to the previous practice, when the selection of judges was under the direct jurisdiction of the assembly, the DSV, as provided by the Constitution, is a high-quality change to the Constitution. According to the constitutional definition of that institution, 15 prominent lawyers in Croatia—judges, attorneys, state attorneys, and law school professors—were supposed to appoint judges and state attorneys for life.

On the occasion of the appointment of the DSV's members, all of the relevant legal institutions in the country—the general session of the Supreme Court, the State Attorney's Office, myself as minister of justice, the bar associations, and all the law schools—were asked to propose people in the profession who, in their opinion, would be the best candidates for the Council's members. At that time I asked all the courts and state attorneys' offices in Croatia to note secretly which lawyers, in their opinion, were the best qualified to be DSV members.

I did that because I did not want to follow exclusively my own judgment in my proposal of candidates for members of that institution. Thus, the judges and state attorneys in Croatia, mostly by secret ballot, proposed the people in the profession whom they considered to be the most competent ones to be members of the Council. From the ones who received the most votes, I compiled a list of candidates that I subsequently proposed for the DSV. Neither Milan Vukovic nor Ante Potrebica won the profession's support in that secret vote by Croatian lawyers. They were not even on their own court's list, and the people there know them best. They only appeared as candidates on the State Attorney's list!

It is tragic that when the DSV was chosen the people considered most competent by their colleagues were not selected. The list that made it through was the one from the State Attorney, i.e., the one who will then appear before those same judges as a party in a case.

[Majetic] When the DSV's members were being appointed, the so-called Pasalic Commission was also formed; it also discussed the candidates for the DSV. Some prominent Supreme Court judges sharply opposed that interference by the authorities in the judicial system, maintaining that that commission was unconstitutional. Is that assessment correct?

[Crnic] The party in power has the right to establish commissions to assess the state of the judicial system,

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but they do not have any legal authority whatsoever. It is clear, however, how much power the Pasalic Commission had in connection with the selection of the DSV's members.

[Majetic] As the minister of justice, were you able to do anything to prevent direct interference by the ruling party in the selection of judges?

[Crnic] No, I was not able to do anything more. I opposed that method of operation, I opposed the Pasalic Commission's decisions, and I opposed some of the proposed candidates, because I thought that the profession's opinion had not been sufficiently taken into account.

[Majetic] Was any of the candidates from your list, which reflected the profession's opinion, selected for the DSV? Why didn't you resign then?

[Crnic] To the best of my recollection, no one. My colleagues persuaded me not to take that step. In a way I hoped that Vukovic and Potrebica would finally start to consider the welfare of Croatia and its judicial system. Unfortunately, that was only a hope....

[Majetic] The second conflict between you and the majority of Croatian lawyers, on one hand, and Milan Vukovic and Ante Potrebica on the other, occurred in regard to the rules of procedure for the DSV. Expressing doubt about the constitutionality of some of the provisions in those rules of procedure, the Croatian Judges' Association even submitted a complaint to the Supreme Court, which then abolished some provisions in the DSV's rules of procedure. How would you comment on that Supreme Court decision?

[Crnic] Some vital parts of the rules of procedure adopted by the DSV really were unconstitutional, as the Supreme Court's decision confirmed. It really is grotesque that DSV President Ante Potrebica has two votes. No democratic state can allow that. The issue of publicity was settled particularly undemocratically in the DSV's rules of procedure—the Council functions publicly, except when the DSV decides that a session will be secret, and the Council itself makes an arbitrary decision on that! That is terrible! The DSV thus, without any objective criteria whatsoever, gave itself the right to decide on some people publicly, and on others secretly. That is a violation of the constitutional principle that everyone is equal before the law.

With respect to the selection of VSRH judges, Milan Vukovic resorted to falsehoods at the DSV meeting about the number of judges that were to be chosen. He manipulated the DSV members, simply telling them, "It is enough to appoint 25 Supreme Court judges, from the list that I am proposing." The DSV's members did not even know that back on 1 December 1995, Milan Vukovic sent me a letter in which he was the one who requested that I announce a competition for all 37 vacant positions on the Supreme Court, the vacant positions of the president of the High Commercial Court, the president of the Administrative Court, and the positions of the presidents of all the zupanija courts in Croatia.

Instead of voting on all 63 candidates and appointing 37 Supreme Court judges, they only voted on Vukovic's list of 25 candidates, and only afterwards on the rest. They voted in such a way that all of Vukovic's candidates, as a rule, received 100 percent of the votes, and all the others, as a rule, did not receive a single vote. I think that it is clear to anyone who has any political education at all that the results of the vote were rigged and that the DSV actually played the role of a personnel commission, just as under the previous system. We thought that those commissions were something in the distant past. The DSV vote openly indicates the arrogant sureness of those who are behind Vukovic and Potrebica. They are convinced that they can carry out their own will at the expense of Croatia's interests.

I learned about that action by Milan Vukovic at the 16 January DSV meeting from the newspapers the next day. I immediately sent letters to all the members of the DSV, which met on 17 February as well, warning them about Vukovic's dishonest conduct. Afterwards I found out that Ante Potrebica, the DSV's president, took all my letters and held them until the end of the meeting. All the DSV members were only informed about my letter after the meeting, after the 25 judges on Vukovic's list had been elected. I am therefore openly raising the following question: Can the Supreme Court and the DSV be headed by people who act so dishonestly?

[Majetic] In your opinion, what were the criteria used by Milan Vukovic and Ante Potrebica in selecting the 25 Supreme Court judges from Vukovic's list?

[Crnic] I think that the only criterion was the lack of any criteria at all.

[Majetic] But wasn't the basic criterion the political suitability of the judges?

[Crnic] All of the people who were appointed as Supreme Court judges are my colleagues, and I would therefore rather not comment on this question.

[Majetic] But don't the names of the judges who were not selected for the Supreme Court support the assertion that the basic criterion was political suitability? Specifically, numerous prominent judges, like Vladimir Primorac, who did not want to serve as a judge in the 1972 political trials, and who recently clashed publicly with Potrebica and Vukovic, were not selected.

[Crnic] The example of Vladimir Primorac is the best evidence of the absurdity of the selection done by the DSV. In the secret poll that I conducted at all the courts in Croatia, Vladimir Primorac received the most votes, primarily because of his professional qualities, but also, naturally, because his colleagues consider him an honorable man, who refused to participate in political trials in

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1972 under the communist regime. Because of his professionalism and morality, the Croatian assembly elected him a Supreme Court judge in 1990, but today the DSV did not want to appoint him, without any explanation at all. Isn't this a repetition of 1971? The difference is that today his persecutors are Croats.

Through those positions, the DSV and its president acted against President Tudjman's policy on gathering all state-creating forces to create a united, democratic, social-welfare, and law-governed Croatian state.

Because of all of Primorac's professional and moral qualities, and above all because his colleagues gave him the most votes by secret ballot, I myself also proposed Vladimir Primorac as president of the DSV. I think that the appointment of Vladimir Primorac to that position, as well as to the Supreme Court, would have been to Croatia's honor. No one needs to be afraid of him, because he is a professional and an honorable man.

[Majetic] You were also personally a candidate to be a Supreme Court judge, which you were before you assumed the duties of minister of justice. There has been frequent public speculation about your leaving your position as minister. Shouldn't your candidacy therefore have been an honorable retreat?

[Crnic] No, it was not a retreat. Specifically, I am not a politician by vocation. I have spent my entire professional life in the judicial system, and when I accepted this position, I said that I wanted to go back to the judicial system again if some day I could no longer be the minister. Now a competition was announced for all 37 Supreme Court judges who are elected for life. If all 37 judges had been elected, and I had not applied, I would probably have had to wait a long time for another opportunity to return to the Supreme Court, to the affairs of a judge for civil law.

You would have to ask Milan Vukovic and Ante Potrebica why I was not selected, because I, like the other candidates who were not selected, did not receive any kind of explanation. I think that explanations of why a certain judge was selected or not should be given at DSV meetings at which judges are selected. After all, that is why DSV meetings are public, because everywhere in the world, and thus in our country as well, the public is interested in seeing who will be judges, especially if they are appointed for life.

[Majetic] Did you really expect to be appointed as a Supreme Court judge, in view of your open conflict with Milan Vukovic and Ante Potrebica?

[Crnic] I think that it would be natural for a minister of justice who has been appointed four times by the state president and who has been confirmed four times by the assembly to be appointed a Supreme Court judge, especially if it is a person who came to the ministerial position after already being a Supreme Court judge and who is the author or coauthor of 17 books on civil law, countless professional articles.... Aren't those conditions enough for a Supreme Court judge?

[Majetic] Do you think that the judicial system in Croatia today is independent? Can the judicial system remain independent at all after such actions by the DSV?

[Crnic] It has been particularly difficult for judges in the past, and the situation is no better today. Four years have passed since the adoption of the Constitution, and there has been enough time for judges to be elected to lifetime positions. That has not been done to this day, to a considerable extent because of Ante Potrebica and Milan Vukovic. As long as judges are not appointed for life, they approach every trial and every sentence extremely "cautiously," because they are afraid that the authorities might criticize them for certain decisions when they are up for reappointment.

It should be emphasized, however, that judges in Croatia, in spite of the uncertainty and insecurity of their positions, have been able to demonstrate their independence.

[Majetic] You maintain that Vukovic's and Potrebica's actions were supported by people in the ruling party. Haven't you, on the other hand, been left alone?

[Crnic] No. In my activity, I was primarily supported by the profession, and that is most important to me. Many people, out of fear for their own subsistence, did not dare to express public support for me, but they supported me at various professional gatherings in my struggle for a law-governed state. The judges' fears were completely justified, because, for example, Petar Novoselec, chairman of the Administrative Committee of the Society of Croatian Judges, which openly supported me, has now not been appointed a judge. I think that that is a clear message to all the other judges. After all, none of the judges who criticized the state of the judicial system, for example those like Vladimir Primorac or Ruzica Horvatinovic, was reappointed. Those actions have done enormous and absolutely unnecessary damage to Croatia. Croatia has people who can manage the judicial system without upheavals like this.

[Box, p 4]

Republic of Croatia Ministry of Justice Zagreb, 3 March 1995

Mr. Nikica Valentic Prime Minister of the Republic of Croatia

Dear Sir,

In my letter of 21 February I informed the president of the Republic of Croatia, Dr. F. Tudjman, and you, as prime minister of the Republic of Croatia, about the events surrounding the appointment of judges.

Even before that, on several occasions I pointed out the events in the judicial system to the president of the Republic and to you, but also to other officials, and to

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the public. This particularly had to do with the actions of the president of the Supreme Court of the Republic of Croatia, Milan Vukovic (hereafter Vukovic) and the president of the State Judicial Council (hereafter the DSV) Ante Potrebica (hereafter Potrebica).

I must explain that this is by no means a personal conflict, to which attempts are sometimes made to reduce it, nor is it a conflict between two concepts, because Vukovic's proposals have never taken that form. For the most part neither the Croatian government nor the Croatian assembly have accepted what Vukovic proposed.

The public has likewise been given the erroneous impression that you, as prime minister, were "protecting" me for some personal reasons. That was not the case. I persisted in my position as minister of justice and overcame unfounded slanders thanks to the fact that I was protected by my own profession and loyalty to the idea of Croatia as a civilized, law-governed, and democratic state. I do not know of any sure reasons that did not allow you to go thoroughly into the problems that gradually flourished in the judicial branch, and have now reached a point at which decisive action is required.

I can, however, sense, that because of the difficult economic situation you have perceived the problems of the judicial system as "secondary" and left some other people, not the Croatian Government, to "prove" themselves there. For me, on the contrary, the problems of the judicial system (especially personnel problems) were fundamental problems for the establishment of a law-governed state and the protection of all those who were threatened in various ways. A law-governed state is extremely important for the Croatian state, in order to protect it from harmful phenomena and crime, in the economy as well.

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Need for New Law on Agriculture

95BA0181A Skopje NOVA MAKEDONIJA in Macedonian 25 Feb 95 p 17

[Article by Borjana Dicevska: "Limited Property"]

[FBIS Translated Text] *Private ownership of cultivated land dominates in the individual sector. Meanwhile, such land remains very divided, for which reason it is difficult to implement a long-term regulation of the competition by the big public farms. A new law on farmland is needed, because returning property to its former owners is once again on the agenda.*

It is only the bad legacy that remains from all previous agrarian reforms. Instead of consolidating farming and implementing a true agrarian policy, a number of experiments were made, and conflicting concepts were formulated—which led, in agriculture, to breaking up the land and taking partial steps. Their consequence is being felt to this day, expressed in far lower productivity compared to many cultivated areas throughout the world, with chaos in ownership relations and a lagging behind of the individual sector in which the private ownership of cultivated lands, mechanization, and cattle, and so on, prevail. This has led to the conceptualization and implementation of plans and programs based on redistribution related to the elimination of ownership, regardless of the problems and conditions of the production process.

The Danger of Repeating the Errors

Quite justifiably, attention is currently drawn to the passing of a new law on farmland, which should be part of the law on denationalization. This is inevitable in order to resolve a number of problems and issues concerning not only the establishment of a farmland structure but also the means for its further rational utilization—because, once again, returning such production areas to their former owners is part of the agenda. The process of further reorganization is included in the law on the reorganization of enterprises with public capital. Meanwhile, certain legal stipulations make it possible to privatize unused production capacities in the agricultural areas, and will not disturb the agricultural production process. It is precisely such unequivocal interpretation of the law that could lead to an even greater chaos, and turn privatization of agriculture into complaints about the implementation of certain personal aspirations based on the demand to correct all the errors affecting villages and farmers in the past. In this case, economic reasons and the objective needs of farms and combines are being neglected for the sake of making them economically more profitable.

However, such a hasty step creates the danger of repeating errors by further dividing the land. This also means that the current situation in the individual sector whose land is, literally, limited, creates an additional factor. As expressed by Kiro Dokuzovski, secretary of the farming associations of the Macedonian Chamber of Commerce, private property dominates in the individual sector, with large production areas accounting for 87 percent of the farmland. Still, the production maximum has not been reached—and let us not forget the production structure, modernization of technology, and production capacities. Unlike other state farms, here, progress is far lower—above all because of the great division of the land.

According to a study and an overall survey of the land by teams of specialists, it has been noted that about 42 percent of the private farmers average 0.2 hectares; about 33 percent, from 0.2 to 0.5 hectares; 18 percent, more than 0.5 hectares; and only 5.1 percent average 10 hectares or more. These figures are a good indication of the further damage that may be caused by eventual division of production areas in the big public farms.

Conversely, optimizing production land, reaching market profits in excess of 60 percent, organizing the production process and its structure, modernizing the machine fleet, and so on, should be considered the first item in the further overall organization of agricultural production in general. Actually, this is confirmed by a number of examples provided by the developed agrarian countries, where it has been already confirmed that larger areas make possible greater organization, the use of more efficient modern equipment, and, more importantly, a much higher output. Hence, it is no accident that the law on farmland takes into consideration the specific nature of domestic production, the origin of the public sector, and the current optimum in the private sector. This is necessary, for it is closely related to the further transformation processes in agriculture stipulated for the second phase.

Consolidating the Farmland

The real steps leading to the successful further reorganization of agriculture through the optimal use of the potential of the land and processing capacities should take into consideration several additional measures leading to consolidating the farmland. Above all—according to Jorde Jakimovski, director of the Institute of Sociological and Political-Legal Issues—this should include the implementation of additional measures. Above all, proper steps must be taken in the implementation of regrouping, rounding up, and anything else that contributes to settling the issue of the farmland and to creating a single cultivated area. It is true that this is not simple, for it will require additional funds and extensive commitments. However, it would be very profitable in terms of implementing the general objectives in, and outside, agriculture. For a full 50 years, maximum farmland was limited to 10 hectares—which made it even worse, during that period, to break up the land further as a result of inheritance, gifts, and so on. All these parcels are limited, for which reason it is natural that, in their case, it is very difficult to apply modern mechanization and to implement other agricultural measures.

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According to certain data, in the Tetovo section of Polog more than 6,300 hectares, in small parcels, remain unused. This is a substantial amount, if we take into consideration that such unplowed "limits" may be found in the other production areas in the country. Steps must be taken, and activities implemented, to ensure greater use of the foothills, which would include the revitalization of the villages and which is also one of the major issues and objectives in the further transformation of agriculture. Certain issues related to farmland and its consolidation will also be resolved with the passing of the Law on Agricultural Cooperatives.

Bearing all this in mind, the insistence on the urgent passing of the Law on Farmland and the Law on Denationalization is entirely justified, to be followed by a special law on agricultural privatization. In this case, science must make a major contribution, because the future of farming and the implementation of the privatization process, which must unquestionably be carried out, will greatly depend on the privatization model suggested and approved. Among other reasons, this is also because such processes must also be aimed at creating new market capacities through new structural changes, above all in basic production. We had a good potential for basic production and processing capacities, as has been determined by a number of foreign experts who visited out country.

Agricultural Privatization, Property Rights Viewed

95BA0181B Skopje NOVA MAKEDONIJA in Macedonian 25 Feb 95 p 17

[Article by Violeta Cvetkovska: "Let Us First Recognize Ownership"]

[FBIS Translated Text] *For the time being, there is no law under which something could be returned to someone. Privatization alone ensures the protection of the rights of the former owners and their compensation through the law on denationalization. Shares, or else property the owners of which should prove ownership, are being set aside*

Whenever denationalization or the rights of some former owner clash with someone else's rights, a new private owner appears (which means that as a result of privatization, matters become further complicated).

A well-supported thesis and criticism has become increasingly valid of late: the fact that privatization in our country, regardless of how much it adheres to the law, has not been not followed by a Law on Denationalization. These are two things that are similar in a number of aspects. We privatize enterprises, property, or something else, which very soon acquire new owners, without compensating the former owner, who was in the past deprived of this property (either by having it confiscated or "voluntarily") and who still has the right of ownership. Ownership rights are not lost—or become obsolete—anywhere in the world. In our country, however, this is even more important, because the principle of ownership is the crowning aspect of the new order of the state. However, the worst problem and issue is that in our privatization, whether we like it or not, two rights of ownership overlap: the rights of the former owners and those of the new owners, who also have invested their own money in that property.

Temporary Protection

Regardless of the absence of clarity and the complications, in the interest of truth we must say that even despite the "legal vacuum," not everything has been left untouched. The Law on the Transformation of Enterprises With Public Capital does not require compensation of the former owners (this is neither the objective nor the ambition of that law) but does require a certain temporary protection until all conflicting situations involving those citizens have been properly resolved. Therefore, controversial situations exist—and will continue to exist, as confirmed by the experience of the Privatization Agency relative to privatizations that have taken place so far.

Officially, from the legal point of view, says Slobodan Sajnovski, director of the agency's legal section, privatization is developing without denationalization. To a certain extent, this is legitimate, since the Law on Denationalization has so far not been passed. However, this concept is only apparently accurate because the Law on Privatization ensures the protection of the rights of the former owners through precisely stipulated means, according to the law. All owners have been granted the opportunity to file their claims with the enterprise that is being privatized on the basis of the enterprise's request (a commitment, according to the law). This is also a commitment on the part of the enterprise should it intend to continue with privatization—during the course of which, on a fiduciary basis, it should transfer to the agency the shares equal to the demands filed by the former owners or—inasmuch as this is possible from the spatial, technological, or economic aspects—return the confiscated property as it is or was when it was confiscated. According to Sajnovski, this act is the equivalent of signing an agreement between the enterprise and the agency to transfer to the agency the property or the shares, and the agency must handle them as would a good manager with a view to disposing of this property or shares. All of this is until the former owner has a resolution issued by a state authority or a court, based on the stipulations for denationalization, and de facto—at which point he will be compensated.

According to Sajnovski, until such regulations on denationalization are adopted, the view that privatization is taking place without denationalization is unfounded, because the rights of the former owners have been secured. This does not mean that we believe that protection means the actual return of the property; however, there is an intermediate stage in the process of denationalization, in addition to the intention and commitment

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on the part of the state to formulate regulations governing denationalization—Sajnovski says.

Compensation?!

Therefore, what can actually lead to a legal privatization in our country is for the property to be acknowledged, separated, and protected until real denationalization—which will be based on a law. For the time being, the Privatization Agency has received 380 requests from private owners (affecting one or several enterprises, or several owners for a single enterprise). According to the agency, in 95 percent of the cases, the protection of the rights of the former owners has been secured in two ways: by reserving public capital in shares; by transferring the property in the physical sense of the word.

Such requests have been filed for "Evropa" in Skopje, "Makedonija Turist" and "Javor" in Bitola, and four tobacco enterprises: "Makedonijatabak" and the tobacco combines in Skopje, Prilep, and Kumanovo. Most of the non-privatized public assets have been reserved for the former owners. In some cases, however, certain enterprises are 100-percent privatized according to Ante Markovic's laws, and in such cases a new situation develops. Since the new owners, too, have ownership rights, one can no longer take away some of their property—for which reason the state assumes the obligation to compensate the former owners out of its own funds. This possibility exists also on the basis of the funds collected throughout the entire privatization process. We are familiar with the case of "Solun" in Gevgelija, in which some of the enterprise's property was transferred from the agency and, after a resolution concerning the owners has been issued , will be restored to them in the form of business premises.

However, the most relevant question today is the following: Is it possible for former owners to be compensated in cash? According to Sajnovski, for the time being, there is no legal basis for such compensation, so no one can be compensated for anything. The only thing that matters is the protection of the property, of the rights; and compensation will follow only after the denationalization law has been passed. What is important about this protection of the enterprises themselves—the enterprises being privatized—is the fact that it is based on the enterprises' belief that the former owners will no longer file requests for the property with either the state or the agency.

According to Sajnovski, however, that former owners have not been ignored is confirmed by the fact that regardless of whatever may happen during the privatization phase, and if no capital is set aside for the former owners for a variety of reasons—including their being late to file—this does not mean that they cannot submit their demand to the state under the Law on Denationalization.

Finally, let us mention the fact that this applies above all to the requests filed by former owners who are citizens of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], while foreign citizens may not demand the protection of their ownership rights, because their rights must be ensured via bilateral agreements between the State of Macedonia and the other countries.

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Drnovsek, Horn Discusses Rail-Link Improvements

AU0305155295 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 3 May 95

[Report by Tomaz Gerden on a "brief" news conference by Prime Minister Janez Drnovsek and Hungarian Prime Minister Gyula Horn in Ljubljana on 3 May; Horn speaks in Hungarian with superimposed Slovene translation—recorded]

[FBIS Translated Text] [Gerden] Both government delegations, led by Horn and Drnovsek, held exhausting talks this morning. The guest from Hungary was subsequently received by President Kucan and Foreign Minister Thaler.

Karl Lotz and Igor Umek, Hungarian and Slovene ministers of transport and communications, signed a statement on an agreement on joint international traffic. Railroad and other transport links were the main topic of the talks of both prime ministers, and Gyula Horn said:

[Horn, in Hungarian with superimposed Slovene translation] Both countries are expected to start the construction of a rail link, which will cost $60 million, in six months.

[Gerden] Mr. Horn said that Hungarian companies want to take part in the construction of Slovene highways and that Hungary is also much interested in the Ljubljana-Maribor highway being extended to Budapest. Through modernization and widening of the electricity grid our eastern neighbors would also like to link up with western Europe. Both countries will also widen border crossings and open some new ones in the future.

Slovene Prime Minister Drnovsek assessed the talks as follows:

[Drnovsek] Today's talks were very concrete. In the talks we focused primarily on bilateral issues. Today's visit by Horn is also politically important and represents a continuation of our hitherto extremely good contacts and relations. Therefore, on the principled level there are no open issues or problems between Hungary and Slovenia. For this reason we were able to devote most of the time to entirely concrete questions. It has transpired lately that the biggest open problem between Hungary and Slovenia is precisely that of communications and transportation links.

[Gerden] Both countries maintain good economic cooperation within the free trade agreement.

Horn and Drnovsek also favored peaceful resolution of the conflicts in Croatia, where Horn added that they are in a permanent contact with France and Russia.

The Hungarian prime minister will meet with the representatives of the Hungarian minority this afternoon and then travel back to Hungary.

Question of 'Factional Struggle' in LDS

AU0505103595 Ljubljana DELO in Slovene 3 May 95 p 2

[Article by Vladimir Vodusek: "Slovene Christian Democrats Most Probably Will Not Renounce Coalition"]

[FBIS Translated Excerpt] Ljubljana, 2 May—Late in the evening, the leadership of the Slovene Christian Democrats [SKD] and the Liberal Democrats discussed the situation in the coalition following the vote on the president of the parliamentary Commission for International Relations, in which the president of the Christian Democrats, Lojze Peterle, ran unsuccessfully. The Liberal Democracy of Slovenia [LDS] favors the repeat of his candidacy, however, we have learned that Peterle does not intend to run as president of this commission again.

Reportedly, Prime Minister Dr. Janez Drnovsek also tried to convince Peterle to run again, Peterle spoke with him over the phone. There were no other important formal or informal party meetings during the May Day holidays. [passage omitted]

The prevailing opinion within the Christian Democracy is that the party should simply leave the post of chairman of the Commission for International Relations to a coalition partner and give up the repeated nomination "of a more acceptable candidate" of the Christian Democrats, among whom State Chamber Vice President Miroslav Mozetic has been mentioned. The Christian Democrats will probably demand a suitable compensation in lieu of the post of the president of the Commission for International Relations. Being in charge of this commission will, bearing in mind the conflicting interests in foreign policy, probably be a very strenuous task and, thus, less beneficial in the preparation for the next parliamentary elections. [passage omitted]

The Christian Democrats will face a problem in justifying the party's sidestepping in the government coalition and the almost humiliating actions against Lojze Peterle to its voters. However, they can always play the card of a martyr within the coalition for the sake of the interests of a country in transition. [passage omitted]

The Christian Democrats's decision to graciously leave the decision about the post of the president of the foreign affairs commission to the prime minister opens the painful question of the factional struggle within the Liberal Democracy and the general issue of the primacy on the left. The formation of a new party on the left has been topical until recently, however, the time left until the elections was deemed too short. [passage omitted]

The vote on Peterle, thus, again opened the question of the leadership on the left, where some people would like to find, at all costs, a reserve leader for the all too pragmatic Prime Minister Drnovsek. Following the departure of Herman Rigelnik, who was doubtlessly one of the leaders on the left, only President Milan Kucan

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and Prime Minister Janez Drnovsek were left on top, who might even trade places in the event of an appropriate outcome at the next elections. [passage omitted]

Today's meeting of the Christian Democrats and the Liberal Democrats is supposed to put a stop to the speculations about the fate of the coalition until the next elections that the vote on Peterle had opened. The meeting of the parliamentary Commission for Appointments is scheduled for Thursday, and then it will become clear whether the Christian Democrats have finally renounced the Commission for Foreign Relations. Namely, they will definitely not renounce the coalition.

1995 Economic Indicators Appear Favorable

95BA0219B Maribor VECER in Slovene 31 Mar 95 p 7

[Unattributed article: "High Production, Low Inflation"]

[FBIS Translated Text] Industrial production in January and February was 14.1 percent higher than in the comparable periods last year, and March inflation is 0.5 percent; in January wages were 6.8 higher in real terms than last January.

In January industrial enterprises produced 3.6 percent more, and in February 2.9 percent more than the average for last year, the State Statistics Institute reported yesterday. The January volume of industrial production was 15.2 percent higher than a year ago, and in February they produced 13 percent more than in that month last year. This year's cumulative result for the first two months was thus 14.1 percent higher than last year.

According to the latest data on current trends in Slovenia, which were prepared yesterday by the Service for Market Conditions and Economic Policy [SKEP] of the Slovene Chamber of Commerce, the volume of net wages in the first two months of this year was 82.3 billion tolars, or 25.4 percent more than at that time last year.

The gross wage per employee in January was 107,061 tolars, or 27.9 percent more than January 1994. The January net wage in the economy and the noneconomic sector averaged 68,198 tolars. In the economy it was 64,678, or 27.1 percent more than last January, and 79,275 tolars in the noneconomic sector, or 29.4 percent more than last January. In January net wages were 6.8 percent higher in real terms than last January. In January, 599,511 people were employed in Slovenia, or 1.5 percent more than last January. There were 455,279 people working in the economy, or 2.6 percent fewer than last January, and 144,232 in the noneconomic sector, or 2.2 percent more than last January. In January there were 121,397 unemployed people registered with the Employment Office, which is 9.4 percent fewer than last January. In January there were also 15,101 vacant jobs, which is 42.6 percent more than last January.

According to SKEP's latest data, in January and February revenues for public spending amounted to 151.84 billion tolars, which is nominally 26.6 percent more than in that same period last year, and 7.7 percent more in real terms. Budget revenues in January and February were 86.45 billion tolars, which is nominally 30.2 percent more and in real terms 10.7 percent more than in that period last year.

In March, retail prices were an average of 0.5 percent higher than in February. Inflation, calculated on the basis of the growth of retail prices, was 0.5 percent in March, which is the lowest monthly rate of inflation since Slovenia became independent. In March, retail prices were an average of 0.5 percent higher than in February. Goods were 0.2 percent more expensive, and services 1.2 percent more. The prices of basic necessities in March were 0.4 percent higher than in February, as the State Statistics Institute reported yesterday.

In March retail prices were 2.5 percent higher than last December, 16.6 percent higher than last March, and the prices of basic necessities were 3.6 and 18.3 percent higher, respectively.

Tripartite Agreement Signed; Improves Security

95P20742A Ljubljana SLOVENIA WEEKLY in English 8 Apr 95 p 4

[Unattributed report: "Government, Trade Unions, and Employers Sign 1995 Social Agreement"]

Prime Minister Janez Drnovsek, representatives of trade unions and of the employers signed, on Friday in Ljubljana, the 1995 social agreement. Through social agreement the three partners (government, trade unions, employers) express their common interest in continued economic growth, increasing the number of employed, stabilizing of the economy and improving social and legal security in the country.

There are, however, two trade unions which did not sign the agreement on Friday because they insist that together with the social agreement, the agreement on the salaries policy and the tariff annex to the general collective agreement be signed. As Premier Drnovsek stressed, this is the first time in the independent Slovene state that a social agreement between the main social partners has been signed. The document also has a symbolic meaning, because it reflects the intent of all the partners to solve the most difficult questions in the field by common agreement and consensus. Drnovsek expects the two other above mentioned acts to be adopted shortly.

It is encouraging that the first signing of the social agreement in Slovenia is accompanied by favourable economic indicators. The commitments taken by the social partners in the agreement are expected to ensure the continuation of highly favourable economic movements. Thus, economic growth should reach the same level as in 1994, i. e. at least 5 percent of the domestic production.

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Slovenia has recentiy attained very good results in the field of economy. industrial production increased by 16 percent in January and by 13 percent in February, compared to the same periods in 1994, while the gross domestic product increased by 5 percent. The production dynamics, too, has been on the increase lately, and inflation was considerably reduced. In the first quarter of the year, the highest inflation rate was in January (1.1 percent), lower in February (0.9 percent) and the lowest in March (0.5 percent).

According to Dagmar Suster, President of the Slovene Chamber of Economy, the social agreement includes all basic elements of the 1995 Slovene economic policy. This is a model of offensive economic poiicy, which envisages relatively high economic growth and lower inflation. It is supposed to be optimal in the given circumstances—not only for the employers or the economy but also for all the employed and for other citizens.

Adria Airways Sells Aircraft to Avioimpex

95BA0219C Ljubljana REPUBLIKA in Slovene 1 Apr 95 p 5

[Article by A. J. J.: "Adria Airways Sold a DC-9 to Macedonia's Avioimpex"]

[FBIS Translated Text] Ljubljana—The delivery of a DC-9 aircraft that the Slovene airline Adria Airways sold to the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] airline Avioimpex took place yesterday at the Brnika airport. In the coming years, Adria Airways plans new purchases of smaller aircraft with 100 seats, which, according to analyses, is a large enough capacity for Slovenia. With the DC-9's purchase, Macedonia's Avioimpex has become the owner of its first aircraft—the other one, in fact, is leased. Adria has also concluded a partnership contract with Avioimpex for flights to so-called third markets.

First RAI Broadcasts in Slovenian

95BA0215D Ljubljana DNEVNIK in Slovene 29 Mar 95 p 32

[Unattributed article: "RAI Has Started Experimental Broadcasts in Slovene"]

[FBIS Translated Text] Trieste, 29 Mar—The regional headquarters of the radio and television company RAI has begun experimental broadcasts in Slovene. On that occasion the manager of news broadcasts, Sasa Rudolf, brought Slovene emigrant television viewers to the editorial, assembly, and filming offices, and Filibert Benedetic, the head of the Radio Trieste A's Slovene programs, spoke about the many years of waiting for the promised television broadcasts for Slovenes in Italy. The broadcasting is currently limited to the Trieste and Gorizia regions. An additional frequency will have to be obtained for the Udine region, where many Slovenes likewise live.

Serbian Patriarch Pavle To Visit Ljubljana

95BA0215B Ljubljana DNEVNIK in Slovene 28 Mar 95 p 4

[Article by (ri): "Patriarch Pavle Is Coming"]

[FBIS Translated Text] Ljubljana, 28 Mar—Serbian Patriarch Pavle is coming to visit Slovenia. He will be staying in Ljubljana, Kocevski Rog, and Koper from 16 to 18 June. Serbian Orthodox Church priest Peran Boskovic, who invited Patriarch Pavle to visit Slovenia, informed the government office for religious communities and Dr. Alojzije Sustar, the Ljubljana Archbishop and Metropolitan, about the proposed program for the visit several days ago. As we were told by the office's director, Nina Cos, there are no obstacles in principle to the Patriarch's meeting the highest state representatives, but at this time it is not yet known exactly who—one or more—will receive him. Dr. Sustar has already informed Father Peran Boskovic that he would be happy to meet with the Patriarch.

The head of the Serbian Orthodox Church is coming to Slovenia for the first time. Before him, Slovenia was visited the last time 30 years ago by the late Patriarch German. Patriarch Pavle is expected to arrive in Ljubljana on Friday, 16 June. On Saturday, he is to donate a memorial to the chetniks killed after the war (according to the priest's information, from 2,000 to 4,500 Serbs are supposed to have been massacred in Kocevski Rog), and in Ljubljana he will meet with several of the highest representatives of the Slovene state and attend a ceremonial service. On Sunday, he is to attend the consecration of the renovated Orthodox church in Ljubljana, and on the way to Trieste, stop off to see believers in Koper for a short time. Father Peran Boskovic told us that in organizing the visit, they are having difficulties in renting a suitable hall for the service, to which they intend to invite prominent representatives of political and cultural life in Slovenia, representatives of religious communities, foreign diplomats, and other prominent guests, and at which the Krsmanovic Academic Company from Belgrade is also to appear. Cankar House, in fact, has told them that the Gallus Hall, which is the only one suitable in size, is occupied at the time when the service is supposed to take place. The priest nevertheless hopes that he will be able to come to an agreement with the management of Cankar House. Otherwise, according to the priest, the Patriarch's visit will primarily be pastoral in nature. The initiative for it came some time ago from believers, of whom about 50,000 live in Slovenia, according to Boskovic's estimates. The priest wants the Patriarch's visit, during which several hundred Serbian emigrants from various parts of the world will also travel to Slovenia, to end in a spirit of peace and trust.

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Federal

Joint Serbian Military Command Viewed

95BA0201E Belgrade SRPSKA REC in Serbo-Croatian 13 Mar 95 p 15

[Article by Stipe Sikavica: "Who Is From Whom"]

[FBIS Translated Text] According to Radio Free Europe, an incident happened at the beginning of March on the opened part of the Zagreb-Lipovac highway: Rifle fire was opened "out of the blue" from a civilian car with a Croatian license plate against a car with a Krajina license plate. Although the shooting did not result in any casualties, those more familiar with the problems in the former Yugoslavia note it (the shooting) as a pebble in the mosaic of the general danger of war that is coming into view from the haze of the deceptive cease-fire among Zagreb, Knin, Pale, Sarajevo, (and Belgrade), and in this way the newly formed joint Supreme Defense Council of the Serbian parastates across the Drina gains one more support. The banality of the incident has been raised to a level worthy of analytic thinking through the following logic: If that happens on the highway, in full sight of the "Blue Helmet" patrols, one can only imagine what would happen on the 1,000 and several hundred kilometers of the drawn out line of separation between the Croats and the Krajina when UNPROFOR [UN Protection Force] withdraws, as the Croatian military and political leadership has definitely (?!) decided.

In other words, the joint Supreme Defense Council of the RS [Srpska republic] and the RSK [republic of Serbian Krajina] discussed here has primarily military strategic significance, about which we will say some more somewhat later. The Council (let us recall) was founded on 19 February in Banja Luka, and is composed of the presidents of the self-styled states (Radovan Karadzic and Milan Martic), the presidents of the two assemblies (Momcilo Krajisnik and Rajko Lezajic), the prime ministers (Dusan Kozic and Borislav Mikelic), the defense ministers (Milan Ninkovic and Rade Tanjga), the ministers of internal affairs (Zivko Rakic and Nebojsa Pavkovic), and finally, the commanders of the Main Staff and General Staff, respectively, of the two armies (Generals Ratko Mladic and Milan Celeketic).

Challenge to Milosevic

The formation of the joint supreme command between Knin and Pale has its own political scheme. It could essentially be reduced to a search for a response to the question: Did "Banja Luka happen" on its own initiative on 19 February, or with a wink from Belgrade and its blessing? If this second possibility seems out of place to anyone in view of the embargo on the Drina, it is worth recalling the fact that on 15 February the Federal Republic of Yugoslavia [FRY] Supreme Defense Council met in Belgrade and that (according to a terse communique), among other things it "discussed the current military and political situation on the territory of the former Yugoslavia." Although inarticulate, such a formulation could find a place for a suggestion about forming a supreme command across the Drina. That is one thing.

And next, according to some analysts, Slobodan Milosevic cared so much about having the RS and RSK armed as strongly as possible for at least two reasons: In the first place, he would thus, even after Tudjman's rejection of UNPROFOR, and in the increasingly tenser game with the international community, he would acquire strong trump cards that would allow him to continue to keep his flattering description as the "most important factor for peace in the former Yugoslavia"; and in the second place, if the Serbian armies were defeated in the increasingly more certain general military conflict with the Croats and Bosnian Muslims, Milosevic would not only lose his privileged negotiating position in the international marketplace, but he would also suffer very dangerous blows from the war lobby and the other "patriotic forces" in Serbia and Montenegro.

In contrast to that, some other views say that the idea of founding a Supreme Defense Council came from the RS and RSK, first of all as a response (and challenge) to the Serbian president's willingness to recognize Croatia and Bosnia-Herzegovina. That is to say, if Milosevic really does recognize those two states, then Karadzic and Martic will open up war fronts in both Croatia and Bosnia, and Milosevic will also have to join in that war embrace, willingly or unwillingly—it does not matter to them.

All the prospects are that the main designers of the Banja Luka creation, in any scheme, also counted on the impressive effect of their action, even if anyone who even superficially follows events on the Croatian-Bosnian battlefield should not be surprised by it. Even in the past, through all of these years of war, Pale and Knin have helped each other in combat in various ways, and in the Bihac battle, which is actually still going on, they achieved the most difficult combat cooperation: In one phase of the battle, probably all 15,000 of Martic's warriors fought alongside the "combined forces" that were (and are) commanded by General Manojlo Milovanovic. His conventional artillery, multiple rocket launchers, and rocket launchers are constantly shelling the positions of the 5th Corps of the Bosnia-Herzegovina Army; and the story about the combat use of aircraft from the airport near Udbina is generally known, because it has been exploited by the media beyond all measure.

Many Questions

Consequently, there is nothing new from that aspect, although at the founding meeting (which some fervent "patriots" have already characterized as "historic") it was said that the purpose of the Banja Luka decision was the "joint defense of the RS and RSK." Actually, Radovan Karadzic is offering the public this military council as a counterpoint to the joint military command

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of the Croatian-Muslim Federation: "The defense of the people and territory is the purpose in creating the council, because the Muslims and Croats have already exercised that right." (By the way, if their Supreme Council functioned like the joint headquarters of the Bosnia-Herzegovina Army and the HVO [Croatian Defense Council], then God knows it would not be of any use either!) Statements by some other leaders across the Drina can be interpreted as indicating that the joint supreme command is only the first step in the process of the unification of the "two young Serbian states west of the Drina."

Depending on the angle of observation, the overall picture of the Serbian armies across the Drina may be favorable, and even impressive. According to an arithmetic average of the data from several sources (the Stockholm Institute for Peace Research [SIPRI], the International Institute for Strategic Research in London, reports from various UN bodies, and several other sources), Karadzic's and Martic's armies have a total of: about 150,000 soldiers and officers, between 500 and 600 tanks and about 400 armored personnel carriers, about 2,500 artillery weapons for fire support and about 120 launchers and multiple rocket launchers, between 600 and 800 antiarmor cannons and about 300 launchers for antiarmor missiles, about 1,200 air defense [PVO] cannons and about 800 PVO missile launchers, 38 combat aircraft, 30 combat helicopters, and about 25 other different aircraft.

Consequently, it is a respectable force by both world and European standards, and especially Balkan standards! But...

At least one-fourth of those combat systems are not fit for use in combat. That is the first thing. The second is that both of the armies, especially Karadzic's, have suffered heavy losses, and the male population has been reduced to a disturbing minimum; the fighters are exhausted by the prolonged trench warfare, irregular supplies, and even starvation; desertion is almost a mass phenomenon on some parts of the front. Consequently combat discipline and morale have been going downhill for a long time now, and the combat value of the two armies is noticeably below the above-mentioned numerical values.

The creators of the joint supreme command are calculating that precisely that body can halt that trend, especially because now, both the common soldiers and the commanders have a quite clearly defined military goal (as a forced motive): a joint Serbian state across the Drina. Next, the Supreme Council could also play an important role as an intermediary in organizing and transporting volunteers from the homeland for the general war for which all sides are hastily and intensively preparing.

Another question that is not so unimportant is the methodology and technology of command. Although it is a council, it will not have just an advisory role. Who will be the regular commander in chief, who will be the chief strategist and who will be the first among equals in the general staff, and in general, how will the principles of subordination and a single command function in the Supreme Defense Council? Or perhaps those questions are superfluous.

Montenegro

High Suicide Rate in Niksic

95BA0215A Ljubljana DELO in Slovene 27 Mar 95 p 6

[Article by Branko Jokic: "How Many Young People Will Sentence Themselves Tomorrow?"]

[FBIS Translated Text] In 10 days, six young people committed suicide in the Montenegrin industrial city, and in seven years, almost 250 inhabitants of that city. Is the reason for the numerous suicides primarily the tense situation in the Balkans?

From our correspondent.

Niksic, 26 Mar—Niksic is a special, interesting, and regrettable record holder among cities: Last month, six young people committed suicide in 10 days, and in the last seven years, 242 inhabitants of that city did so. Every year approximately 70 people in Montenegro decide on that step (the data are for the years 1989 to 1993), from which we can conclude that Niksic, which is a Montenegrin industrial center, has a special influence. The city is not on Montenegro's but also probably the world's record holder (supposedly approximately half a million people in the world take their own lives each year).

These data were published recently by sociologist Branka Tanasijevic. She tried to investigate the reasons that led the suicides to their last action, but she did not get too far. For some time now, that has been the "mystery of mysteries" for researchers, a mystery that no one except the suicides has ever deciphered. Even their closest relatives do not like to talk about the suicides' character, feelings, and "known" reasons for suicide, and usually did not even want to show the researchers the official documents on the death. As Tanasijevic succeeded in determining in spite of that, currently the main reason why Montenegrins decide on suicide is primarily the tense situation in the Balkans. Society and the family are no longer organized as they once were, as a result of the economic, political, and moral crisis, and the general war chaos and involvement in the war.

In comparison with 1986, in 1993 the number of suicides in that area increased by 90 percent, from which we can undoubtedly conclude that depression, which in extreme cases ends in suicide, has been influenced precisely by the immediate closeness of the war. The Niksic area, in fact, borders on Herzegovina (Trebinje, Gacko, Foca, and many Niksic residents participated (mostly as volunteers) in the military conflicts. Many of them also lost

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their lives (200 Montenegrins, a third of whom were from the Niksic area), and even more of them returned with frustrations that caused not only suicides, but also murders of other people.

The Niksic "Vietnam syndrome," in that sociologist's opinion, is characteristic primarily of workers and retirees, which also indicates social welfare causes. In recent years many people who came to the city from small villages have been left without work. Families that have never lived in good circumstances have been formed in Niksic and its suburbs. The same thing is happening to people who have small pensions but whose numerous family members have large needs. Many of them have lost any hope that they will overcome their difficulties and personal problems and that things will be better tomorrow. They found a way out in suicide, and not in institutions or the government of the "beautiful, young, and intelligent." It was precisely the workers and retirees who helped that government to carry out a coup and come to power five years ago. At that time, they were promised a real social paradise. Instead, an economic crisis reigns. The authorities justify it in terms of the war and the imposition of international measures which allegedly "prevented their plans." Because of that lie, many young people have been seized by a feeling that they have no prospects (30 percent of the suicides in Niksic are approximately 20 years old, and more than half are 40-50 years old).

Suicide is chosen more often by men (154 men and 88 women in Niksic), which indicates that it is harder for them to adjust to "big changes" or that they realize their mistakes earlier, although some psychologists think that they have less significance than the women. Experts also pay attention to the way in which suicide is performed in that city. Almost half of them (especially the men) decide on firearms. It is interesting that the most suicides were in December, March, and April, on Sundays and Mondays, and in the afternoons.

This and similar studies, which for the most part no one is ordering or paying for, have not particularly upset the public, especially the politicians, the parties, or the authorities.

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